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The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 154 Number 4000 New York, N. Y., Thursday, October 30, 1941 Price 60 Cents a Copy

"JOTTINGS"

A much more impressive—or plausible, if you prefer—case for life insurance companies buying common stocks was made out at the N. Y. legislative committee hearings last week than you probably gathered from the financial page heads and leads on the story. True the overwhelming majority of those testifying were against the idea. But the bulk of the testimony was probably for it. Moreover, those who took the traditional opposition view used for the most part traditional and simple arguments, the gist of which was given by Fred Ecker in the opening minutes of his talk; he simply quoted Coolidge's story of the preacher who "talked about sin" and was "against it." Ecker said it was a sin, and he was against it. Proponents, on the other hand, seemed to outflank this argument. They pointed out first that the original Armstrong Committee anti-common-stock recommendation appeared to be based largely on pre-1906 speculative abuses like the control of subsidiary companies, flyers in risky underwriting, speculative buying for re-sale to officers, and other tricky games now banned by law, regulation, and custom. They cited successful common stock investment by the Carnegie Foundation, Leland Stanford, other colleges, British life insurance companies, American fire insurance companies, etc.

Lew Douglas prefaced his remarks by a flat statement that he was neither for nor against the idea. Then he gave a summary of research done by his organization into experience of trust, life, and fire companies and others with common stocks, which he summarized as complicated, conflicting, and contradictory.

Incidentally, the imaginary common stock experience related in the Stock Exchange's September Magazine seemed just too good to be true. Douglas said it seemed to have an element of hindsight and the Committee asked some questions of Howland Davis along that line.

Remember last week your "jotter" said Russian geography was something like the United States turned east for west. Well, Samara, to which part of the Russian government has moved on a bend of the Volga, corresponds roughly to Kansas City. It heads one of the biggest grain provinces in the Volga valley. The rail line divides somewhat below Samara and one line goes northeast over the Urals to Siberia and the other down to Orenburg and Tashkent. Your jotter was there in 1923 with the American Relief Administration Russian Unit. The Quakers were just down the line, at Buzuluk. To judge by a photo in the Trib last week of the main square, the town hasn't changed in 18 years; it is still low, rambling, and dirty. In 1923 it was full of buildings finished or nearly finished in 1917, when a wave of war-time farm prosperity in the Volga Valley had been so to speak, frozen in its tracks by the Soviet revolution. Most of the American feeding problem in 1921-1923 was to distribute the food non-politically

(Continued on page 807)

OUR REPORTER'S REPORT

Discussion in underwriting circles is a bit more on the encouraging side currently now that there are indications that the major life insurance companies are inclined toward a "live and let live" policy in the matter of bidding for new bond issues.

Although it had been expected, almost up to the last minute, that there would be an insurance bid tendered for the Central Illinois Public Service Company's $38,000,000 issue of 30-year 3¾s auctioned on Monday, none appeared. In fact only two bids were made by banking groups.

The absence of insurance company participation in this deal may have given ground for reports which subsequently developed holding that one of the "Big Five" had definitely decided to refrain from bidding except in the case of certain smaller issues.

However, investment bankers were not inclined to go along too strongly on that theory notwithstanding the recent utterances of the heads of several other members of the aforementioned "Big Five" insurance group in objection to the current trend.

Bankers hold to the well-known adage that "one swallow does not make a summer" and they are willing to withhold any opinions until time brings a more thorough test of the situation. They feel incidentally that things would be helped along toward a solution by a revival of activity in the new-issue market more than anything else.

Would Provide Laboratory

A busier market, it is observed, would provide a more dependable laboratory for working out methods and changes which will

(Continued on page 812)

Treasury Offers 1% Notes To Holders Of Maturing RFC And CCC Obligations

Secretary of the Treasury Morgenthau on Oct. 23 offered approximately $500,000,000 of new 1% Treasury Notes of Series A-1946 to holders of outstanding ⅞% notes of Series P of the Reconstruction Finance Corporation, maturing Nov. 1, and the outstanding 1% notes of Series E of the Commodity Credit Corporation, maturing Nov. 15. This refinancing operation, the Secretary said, is in line with the Treasury's plan "to reduce the number of financing operations in the market on behalf of the Government and to simplify the financing program." Mr. Morgenthau added that "it is contemplated that all of the Government-guaranteed issues now outstanding in the hands of the public will eventually be converted into Treasury issues so that the market will ultimately be dealing with but one class of Government obligations." The Secretary had disclosed on Oct. 16 that he was considering a plan whereby the Treasury would do all the borrowing for the Government and then lend the necessary funds to the various Federal agencies. It was pointed out that such a centralized borrowing program would require the Treasury to take over the more than $5,000,000,000 of governmental obligations of various agencies when they fall due and replace them with direct Treasury securities.

The Secretary is reported as stating that "there is no question" but that the Federal debt limit will soon have to be raised considerably above the present $65,000,000,000 statutory limitation. The gross public debt outstanding as of Sept. 30 was $51,346,407,110.

In reporting on Mr. Morgenthau's remarks, Associated Press advices Oct. 16 stated:

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Unlisted Trading Privileges Under Fire

A bill has been introduced by Representative Oliver of Maine in the House of Representatives which, if passed would put an end to the granting of "Unlisted Trading Privileges" to the Exchanges, in securities that now have good markets Over-the-Counter.

Both the Produce Exchange Securities Market and the New York Real Estate Securities Exchange were products of "Unlisted Trading Privileges" and they have since passed out of existence, probably due to lack of interest by the investing public, as well as to their inferior markets.

The New York Stock Exchange abolished their Unlisted Trading Department in 1909 when a committee appointed by Governor Charles E. Hughes recommended its abolishment.

The Bill introduced by the representative from Maine, will undoubtedy have strong backing from all Over-the-Counter dealers throughout the country.

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Nevil Ford Appointed NY State Administrator For The Sale Of Defense Bonds And Stamps

Richard C. Patterson, Jr., Chairman of the New York State Committee for the Sale of Defense Bonds and Stamps announced on Oct. 25 that Nevil Ford, prominent New York banker, has been appointed by Secretary of the Treasury Morgenthau, to serve as State Administrator for New York. Informed of the appointment, Mr. Ford said:

I am signally honored. I am grateful to Secretary Morgenthau for the privilege of working with Chairman Patterson and his distinguished associates in the Treasury Department's campaign to further the sale of Defense Bonds and Stamps. To this end I pledge my best efforts. Certainly, investing in our Government at this time is not only one of the wisest ways to accumulate a financial backlog against the readjustment period following the war but also it is a definite means of curbing the present tendency toward inflation.

As State Administrator, Mr. Ford will act, in New York, as a direct representative of the Defense Savings Staff of the Treasury Department at Washington, giving continuous assistance to hundreds of voluntary committees of citizens organized throughout each of New York's 133 counties.

Mr. Ford is Vice President, Director and member of the Executive Committee of The First Boston Corporation. He has been granted an extended leave of absence by the firm so that he may devote his full time to Defense Savings activities.

Mr. Ford has been active in various committees of the Investment Bankers' Association and is a former senior Vice-Chairman, Governor and member of the executive Committee of the National Association of Securities Dealers, Inc. He has also served as President of the Bond Club of New York.

Suggests Nominations For STANY Officers

The Nominating Committee of the Security Traders Association of New York, Inc., has submitted to the members the following tentative list of nominattions for the year 1942:

President: Stanley Roggenburg, Roggenburg & Co.

First Vice-President: Thomas Hoyt, Stein Bros. & Boyce.

Second Vice-President: Joseph Janareli, Freeman & Co.

Treasurer: George Leone, Frank C. Masterson & Co.

Secretary: Richard Goodman, Cohu & Torrey.

Directors for two years: Harry Reed, Hardy & Hardy; Willis Summers, Hoit, Rose & Troster; and Richard Abbe, Van Tuyl & Abbe.

Gratuity Fund Trustees: Edgar Sheppard, Robinson, Miller & Co.; and Elmer Lally, Hayden, Stone & Co.

National Committeemen: Walter Saunders, The Dominion Securities Corporation; James Musson, B. J. Van Ingen & Co., Inc.; Winthrop Pizzini, B. W. Pizzini & Co.; and P. Fred Fox, P. F. Fox & Co.

National Committeemen Alternates: Cyril Murphy, Mackubin, Legg & Co.; Allison Marsland, Wood, Gundy & Co.; Wellington Hunter, Hunter & Co.; Herbert May, Herbert M. May & Co., and John Reilly, J. F. Reilly & Co.

The annual meeting and election will be held on Dec. 5th at the Produce Exchange Luncheon Club.

NASD Dist. 13 Names Nominating Committee

Henry G. Riter, 3rd, Chairman of District No. 13 Committee, National Association of Securities Dealers, Inc., announces the appointment of a Nominating Committee consisting of J. Taylor Foster of Spencer Trask & Co., New York City, Chairman, Malcolm Edgerton of Green, Ellis & Anderson, New York; Rogert W. Putnam of Glenny Roth & Doolittle, Buffalo; John F. Sammon of J. F. Sammon & Co., New York; Frank Stanton of First Boston Corporation, New York.

The vacancies to be filled on the Board of Governors will be caused by the expiration of terms of Perry E. Hall, Morgan Stanley & Co., and Frank Dunne, Dunne & Co. The vacancies on the District No. 13 Committee are caused by the expiration of the terms of office of William J. Minsch, Minsch Monell & Co.; Frank C. Trubee, Jr., Trubee Collins & Co.; Clarence E. Unterberg, C. E. Unterberg & Co.; and Frederick M. Warburg, Kuhn, Loeb & Co.

The present terms of office expire on Jan. 15, 1942.

H. W. Miller Retires From Clokey & Miller

H. Wisner Miller, a general partner of the firm of Clokey & Miller, 52 Broadway, New York City, will retire on Oct. 31. The firm was established in 1922 by Gerald Clokey & Wisner Miller to deal in bank and insurance stocks and during the succeeding decade while the stock of financial institutions of this nature was enjoying great popularity with investors and speculators throughout the country the firm was outstanding in its activity.

More recently they have devoted their energies to special situations; the most recent and notable being the stock of the Thompson Automatic Arms Corporation, "The Tommy Gun", now the Auto Ordnance Corporation.

Mr. Miller while retiring as a general partner will continue to have his office with the firm, whose personnel will be Gerald Clokey, senior and managing partner, Otto J. Delfs and Edmund Clokey.

Rail Bonds Attractive

Rail bonds are still the most attractive investment according to a bulletin just issued by Strauss Bros., 32 Broadway, New York City. Copies of the bulletin, discussing the situation, may be obtained from Strauss Bros. upon request—ask for Bulletin Service No. 30.

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Frederick W. Jones, Managing Editor
William Dana Seibert, President
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Thursday, October 30, 1941

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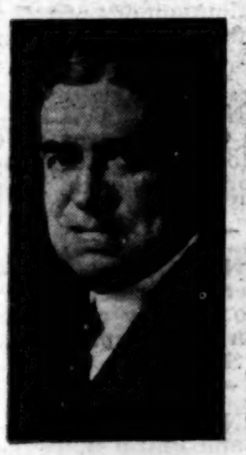
W. R. McCain Elected Chemical Bank Director

W. Ross McCain, President and Director of the Aetna Insurance Company of Hartford, Conn., has been elected a Director of the Chemical Bank & Trust Co. of New York. Mr. McCain is also President and Director of the World Fire & Marine and the Century Indemnity Companies of Hartford, Conn., and the Piedmont Fire Insurance Co. of Charlotte, N. C. He is Chairman of Board of Directors of the Standard Insurance Company of N. Y., the Standard Surety & Casualty Company of N. Y.; and a Director of the Connecticut Mutual Life Insurance Company and the First National Bank of Hartford. He is a Trustee of the Mechanics Savings Bank, Hartford.



W. Ross McCain

Mr. McCain, a native of Arkansas, attended Washington and Lee University and later the University of Arkansas where he graduated with a Master of Arts degree. He is a Phi Betta Kappa from Washington and Lee University, and studied at the University of Bonn, Germany, and the Sorbonne in Paris. He was admitted to the Arkansas Bar in 1903. He is a member of the St. Andrews Society of N. Y., and the Drug & Chemical Club of N. Y.

Corp. Traders Dinner

The Corporation Bond Traders Club of New York held its seventh Annual Fall Dinner at the George Washington Hotel. Oct. 24th. Frederic Snyder, well-known newsman and traveler, spoke on "Current Events and News Ahead of the News."

Tomorrow's Markets Walter Whyte Says—

The market still is saying nothing; pays a little more attention to bad than to good news, but the effect of neither kind lasts long; signs to watch for; details below.

By WALTER WHYTE

The market had two prices of major market news to play with during the past week. The first was the cut in the American Tobacco dividend; the second was the Steel statement.

* * *

So far as the Tobacco dividend news was concerned everybody who watches the market knows what happened. The stock sold off 10 points so quickly that onlookers must have become a little dizzy. It might be pointed out that the rest of the market got stuffy about the Tobacco action and refused to follow suit; a situation if pleasing to holders of other stocks was poor satisfaction to American Tobacco stock owners. Still it's something for pointers-with-pride to do to point to.

* * *

The Steel figures showing nine months earnings as the largest since those grand and glorious days of 1929 made reading of a different sort. Nice, pleasant reading. Anyway that's what it must have been to those who don't own the stock because aside from it's interest as contemporary financial literature, it's intrinsic value has so far been practically nil.

* * *

Tuesday night Big Steel closed at 53⅛. After the bell the news came out over the broad tape. The next day, apparently as a token of respect to the earnings, the stock opened away up—plus ¾ of a point. Yet before the day was over bogged down and hugged the 53 price finally closing under that figure. So much

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N. Y. Security Dealers To Meet To Discuss Hearings On Unlisted Trading Privileges

The New York Security Dealers Association will hold a general meeting at the Bankers Club, 120 Broadway, 40th Floor on Thursday, Nov. 6, 1941 at 3:15 p.m. to which certain non-member houses have been invited.

The meeting will be to discuss the hearings on proposed amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934, which have been started before the House Committee on Interstate and Foreign Commerce. If certain amendments to the Securities Exchange Act, as proposed, are enacted into law, the Association declares, the over-the-counter houses can expect a flood of applications by the Exchanges to expand "Unlisted Trading Privileges" in securities now traded in the Over-the-Counter markets. In this crisis the over-the-counter fraternity must present a united front to oppose any legislation, not in the public interest, that might mean the extinction of established Over-the-Counter markets now serving a useful purpose, the Association maintains.

The meeting will be addressed by Edward E. Chase, President of the Maine Securities Company of Portland, Maine—also a representative of the Security Dealers Association of Maine, and Lt. Col. Edward B. Twombly, Counsel, Committee on Re-employment of Men and of Money of the Commerce & Industry Association of N. Y. (formerly Merchants Association).

Frank Dunne, President of the New York Security Dealers Association, and a member of the Board of Governors of the National Association of Securities Dealers, Inc., will preside.

Admission to the meeting is by card only, and those desiring to attend should communicate with Frank Y. Cannon, Executive Secretary at the Association's office—42 Broadway, New York, Digby 4-1650.

Charles C. Leefe Joins Content, Hano Staff

Content, Hano & Co., 39 Broadway, New York City, members of the New York Stock Exchange, announce that Charles C. Leefe, who has been with B. J. Van Ingen & Co. since 1938, is now associated with them in their Bond Department. From 1934 to 1938, Mr. Leefe was a partner of Gibson, Leefe & Co.

Wall Street Riders To Fete Retiring Officers

Members of the Wall Street Riding Club on Friday, Oct. 31, will tender a testimonial party to two of its retiring officers, Mr. Gerhard H. Struckmann, who served as president for two seasons, and Mrs. Mildred Marsh Butler, the club's secretary for four years. Both Mr. Struckmann and Mrs. Butler remain on the board of directors. In appreciation of their services, gifts will be presented by the new president, Mr. Burton Wander. Miss Frances Weller has succeeded Mrs. Butler as secretary.

Donald James Joins Roe In San Antonio

AUSTIN, TEX. — Donald D. James will become associated with E. J. Roe & Company,, Frost National Bank Building, San Antonio, Texas, effective Nov. 1st. Mr. James for the past several years has been engaged in the investment business in Austin as Donald D. James, Inc. In the past he was a principal in the firm of W. P. Fitch & Co. and was manager of the Bond Department for the Alamo National Co. of San Antonio.

Bate & Girvin Are Now With H. L. Schwamm

H. Dudley Bate and Herbert C. Girvin, have become associated with H. L. Schwamm & Co., 60 Broad Street, New York City.

Mr. Bate was formerly in the Bond Trading Department of J. S. Rippel & Co., Newark. Mr. Girvin for the past ten years has been with H. L. Allen & Co., and prior thereto was a partner in Fowler & Girvin.

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145TH COMMON DIVIDEND

A dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on December 1, 1941, to stockholders of record at the close of business November 10, 1941. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

October 29, 1941

THE ATLANTIC REFINING CO.

COMMON DIVIDEND NUMBER 145

At a meeting of the Board of Directors held October 27, 1941, a dividend of twenty-five cents per share and a special dividend of one dollar per share were declared on the Common Stock of the Company, payable December 15, 1941, to stockholders of record at the close of business November 21, 1941. Checks will be mailed.

W. M. O'CONNOR
October 27, 1941 *Secretary*

EATON MANUFACTURING COMPANY
CLEVELAND, OHIO
Dividend No. 67

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c.) per share of the outstanding common stock of the Company, payable on November 25, 1941, to shareholders of record at the close of business November 5, 1941.

October 24, 1941
H. C. STUESSY, *Secretary*

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 172
COMMON DIVIDEND No. 136

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 40¢ per share on the no par value Common Stock have been declared, payable December 20, 1941, to stockholders of record at the close of business on November 25, 1941.

Checks will be mailed.

C. A. SANFORD, *Treasurer*

New York, October 22, 1941.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held on October 28, 1941, a dividend of $2.25 per share was declared on the $7 Preferred Stock of the Corporation for payment December 1, 1941, to stockholders of record at the close of business November 7, 1941. E. H. DIXON, Treasurer.

THE UNITED STATES LEATHER CO.

A dividend of $3.75 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable November 22, 1941 to stockholders of record November 10, 1941.

C. CAMERON, *Treasurer*.

New York, October 29, 1941.

R. E. Samuel Admits Koch

Henry Koch will become a partner in Ralph E. Samuel & Co., members of the New York Stock Exchange, 115 Broadway, New York City, on November 6th.

NOTICE OF REDEMPTION

West Virginia Pulp and Paper Company

First Mortgage Bonds, 3% Series due 1954.

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Article Three of the First Mortgage, dated as of December 1, 1939, from West Virginia Pulp and Paper Company to Irving Trust Company, as Trustee, the undersigned has drawn by lot and will redeem by operation of the sinking fund on December 1, 1941, at its principal office, No. One Wall Street, City of New York, $220,000 principal amount of West Virginia Pulp and Paper Company First Mortgage Bonds, 3% Series due 1954, at 101% of the principal sum thereof, together with accrued interest to December 1, 1941, the Bonds so drawn being identified by number, as follows:

M 6	M1320	M2790	M3923	M5254	M6657
M 11	M1362	M2882	M3948	M5262	M6678
M 15	M1363	M2915	M3951	M5286	M6758
M 34	M1396	M2937	M3952	M5288	M6771
M 40	M1433	M2993	M4010	M5303	M6772
M 78	M1476	M3003	M4052	M5304	M6789
M 81	M1517	M3031	M4114	M5364	M6955
M 96	M1527	M3032	M4159	M5383	M6972
M 102	M1538	M3079	M4218	M5412	M7092
M 173	M1617	M3211	M4290	M5416	M7218
M 246	M1667	M3239	M4343	M5423	M7317
M 320	M1747	M3243	M4446	M5429	M7369
M 321	M1753	M3288	M4500	M5443	M7396
M 333	M1815	M3305	M4555	M5498	M7433
M 361	M1821	M3330	M4586	M5551	M7482
M 549	M1839	M3346	M4587	M5572	M7558
M 628	M1840	M3364	M4588	M5657	M7575
M 634	M1875	M3395	M4592	M5886	M7597
M 668	M1911	M3416	M4640	M5950	M7637
M 675	M1975	M3446	M4716	M6002	M7653
M 730	M2034	M3510	M4773	M6012	M7674
M 734	M2045	M3516	M4866	M6044	M7681
M 783	M2054	M3522	M4912	M6066	M7708
M 801	M2082	M3546	M4927	M6078	M7732
M 819	M2159	M3594	M4970	M6159	M7793
M 836	M2217	M3631	M5000	M6243	M7796
M 851	M2241	M3659	M5010	M6394	M7825
M 860	M2296	M3677	M5025	M6395	M7848
M 917	M2420	M3682	M5040	M6411	M7850
M1027	M2425	M3696	M5059	M6419	M7857
M1030	M2516	M3737	M5099	M6495	M7871
M1143	M2558	M3787	M5132	M6538	M7874
M1190	M2701	M3796	M5146	M6545	M7919
M1250	M2742	M3847	M5152	M6576	M7933
M1263	M2757	M3881	M5167	M6617	M8000
M1294	M2762	M3899	M5175	M6654	
M1308	M2776	M3913	M5224	M6656	

The designated Bonds should be surrendered on or after December 1, 1941 at the Corporate Trust Department of the undersigned in bearer form or, if registered, accompanied by duly executed instruments of transfer, with all coupons thereto attached maturing after December 1, 1941. Coupons maturing on December 1, 1941 should be detached and presented for payment in the usual manner. After December 1, 1941, said Bonds shall cease to bear interest and shall cease to be entitled to the security of the mortgaged property, and the appurtenant coupons maturing subsequent thereto shall be void.

IRVING TRUST COMPANY, as Trustee,
By F. G. HERBST, Vice President.

Dated: New York, October 25, 1941.

Connely To Speak At NJ Bond Club Lunch

Emmett F. Connely, President of the Investment Bankers Association of America, will be guest of honor and speaker at a luncheon meeting of the Bond Club of New Jersey to be held at the Robert Treat Hotel in Newark on Nov. 5, at 12:15 p.m., it was announced by Lee W. Carroll, President of the Club. Mr. Connely's topic will be "The Investment Banker during and after the War." The Board of Governors of the Club will hold an informal reception at 11:45 a.m. in Room D, first floor, to meet Mr. Connely.

Miss. Group Of IBA Elects E. K. Hagemann

ST. LOUIS, MO.—At its annual election, the Mississippi Valley Group of the Investment Bankers Association elected E. K. Hagemann, G. H. Walker & Co., St. Louis, Chairman of the group to succeed W. W. Ainsworth, of the Metropolitan St. Louis Co. Andrew S. Mills, Francis, Bro. & Co., was named Vice-Chairman and Benjamin F. Frick, Stix & Co., Secretary-Treasurer. Officers will be installed in December.

Geo. T. Grady Is Now With Geo. Eustis Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—George T. (Whitey) Grady has become associated with Geo. Eustis & Co., Fourth National Bank Building in the capacity of trader. Mr. Grady will also continue several situations in which he has always had a retail interest. He was formerly in the stock trading department of W. P. Clancey & Co., with which he had been associated for six years.

UTILITY PREFERREDS

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

CHICAGO, ILL. — **James F. Lamson** has become connected with **Doyle, O'Connor & Co.**, 135 South La Salle Street. Mr. Lamson was previously with A. G. Becker & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Walter W. Prosser** has become associated with **J. P. O'Rourke & Co.**, Board of Trade Building. Mr. Prosser was previously with R. H. Smart & Co. and Moore, McLean & McDermott.

(Special to The Financial Chronicle)

CINCINNATI, OHIO.—**Clifford F. Niederman** has joined the staff of **Greene & Brock**, whose main office is located in the Third National Building, Dayton, Ohio. Mr. Niederman was in the past connected with Granberry & Co. and Thomson & McKinnon.

(Special to The Financial Chronicle)

DETROIT, MICH. — **John M. Dyer** is now affiliated with **Paine, Webber & Co.**, Penobscot Building.

(Special to The Financial Chronicle)

FORT WAYNE, IND. — **Frank C. Winey** has become associated with **M. E. Fowler & Co.**, whose main office is located in the Fletcher Trust Building, Indianapolis, Ind.

(Special to The Financial Chronicle)

HARTFORD, CONN. — **Francis J. Conlon**, formerly with Tifft Brothers and Fahnestock & Co., has become affiliated with **The R. F. Griggs Company**, 50 Leavenworth Street, Waterbury, Conn.

(Special to The Financial Chronicle)

HARTFORD, CONN. — **Samuel J. Leventhal** has become associated with **Denton & Company, Inc.**, 64 Pearl Street. In the past Mr. Leventhal was connected with E. A. Robinson & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — **Edward W. Zaiser** is now connected with **Haskell, Scott & Jennings, Inc.**, 120 South La Salle Street, Chicago, Ill. Mr. Zaiser was previously with Arthur H. Wyatt and Simons & Co., Inc. In the past he was an officer of Zaiser & Zaiser, Inc. of Indianapolis.

(Special to The Financial Chronicle)

LAGUNA BEACH, CALIF.—**Thresher Ames Rippey, Jr.**, formerly local representative for Davies & Co., is now associated with **Dean Witter & Co.**, 634 South Spring Street, Los Angeles, Calif.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Zeva P. Albert**, formerly with the Morrison Bond Co., Ltd., has become associated with **Protected Investors of America**, whose main office is located in the Russ Building, San Francisco.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Harold R. Scherer** has rejoined the staff of **Fairman & Co.**, 650 South Spring Street. Mr. Scherer was recently connected with Franklin Wulff & Co., Inc.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Paul Hallam MacGregor**, previously with O'Melveny, Wagenseller & Durst, is now affiliated with **E. F. Hutton & Company**, 623 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Andrew M. Clermont** has become connected with **Franklin Wulff & Co., Inc.**, 650 South Spring Street. Mr. Clermont was previously with Bankamerica Company, and in the past was manager of the corporation trading department of the local office of the Anglo California Co. of San Francisco.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Clifford Walter Snyder** has joined the staff of **Guaranty Underwriters, Inc.**, 138 Shoreland Arcade.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**John W. Smiley** is now connected with **M. H. Bishop & Co.**, Thorpe Building. In the past Mr. Smiley was active as an individual dealer in Rochester, Minn.

(Special to The Financial Chronicle)

MORRISON, ILL.—**Harley L. Swarts** is now with **H. J. Rendall**, First National Bank Building. Mr. Swarts was formerly with Wilson M. McKim of Sterling, Ill., and prior thereto was with Commercial Investment Discount Co.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**James B. Green** has been added to the staff of **Geo. H. Grant & Co.**, Central Bank Building.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **John Menzies Barbour** and **Samuel W. Horton** have become associated with **Merrill Lynch, Pierce, Fenner & Beane**, First Trust Building. Mr. Barbour was formerly with R. N. Gregory & Co. and Wm. Cavalier & Co. Mr. Horton was with Bateman, Eichler & Co. and Boothe, Gillette & Co.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Gunnar H. Allrud** has joined the staff of **O'Melveny, Wagenseller & Durst**, 595 East Colorado Street. In the past Mr. Allrud was manager of the bond department of the local office of Dean Witter & Co.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Howard Thomas Snedicor** has become associated with **Hope & Co.**, San Diego Trust & Savings Building. Mr. Snedicor was formerly with Franklin Wulff & Co., Inc.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Arthur P. Parsons** is now connected with **H. R. Baker & Co.**, Russ Building. Mr. Parsons was previously with Edgerton, Bourne & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Robert J. Foley** has become affiliated with **Bankamerica Company**, 300 Montgomery Street. Mr. Foley was formerly cashier for Donnellan & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Earl Day** and **Coy A. Guyer** have been added to the staff of **Protected Investors of America**, Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Homer B. Percy**, formerly with Denault & Co., is now connected with **Waldron & Company**, 405 Montgomery Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**R. W. Mason** and **Philip B. Taylor** are now associated with **Franklin Wulff & Co., Inc.**, Russ Building. Mr Taylor was recently with Bacon & Co. and prior thereto was with Franklin Wulff & Co., Freeman, Parrish & Co. and de Fremery & Co. Mr. Mason was previously with Bankamerica Co.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Wm. George Norman** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, Florida National Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Lee D. Graham** has been added to the staff of **Slayton & Co., Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)

TORRINGTON, CONN.—**Frank Leslie Baldwin** is with **Fahnestock & Co.**, 127 Main Street.

Bond Attractive

An attractive situation is offered by the first mortgage bonds of an operating utility company priced to yield 10% plus, according to a descriptive circular just issued by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

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Black Hills Power Stocks On Market

Public offering of 8,500 shares of 5% cumulative preferred stock (par $100) and 100,000 shares of common stock (par $1) of Black Hills Power & Light Co. was made Oct. 29 by Dillon, Read & Co. and associates. The sale of these issues, together with the sale of a new issue of $2,000,000 first mortgage bonds being sold to Dillon, Read & Co., represents the completion of one of the steps in the integration program of Community Power & Light Co., following the recently completed sale of bonds, preferred and common stock of Missouri Utilities Co. The preferred stock is being offered at $100 per share, plus accrued dividends, and the common stock at $16.50 per share. The first mortgage bonds, Series A, 3½%, due 1971, are being sold by Dillon, Read & Co. to Equitable Life Assurance Society of the U. S. at 103¾.

Black Hills Power & Light Co. was recently organized to continue the busines san doperations of the Dakota properties of General Public Utilities, Inc. and the business and operations of the Dakota power properties of Dakota Power Co., both of which have been in the Community Power & Light system. Proceeds to be received by the company from the sale of the bonds and from the sale of 7,350 shares of the common stock will be appiied toward the purchase of these properties. The balance of such proceeds will become general funds of the company. The preferred shares and 92,650 of the common shares being offered represent stock issued to General Public Utilities, Inc. as additional consideration for the Dakota properties.

ERIE RAILROAD

An analysis of the Company and new securities will be sent upon request.

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NY Farm Credit School To Be Held Dec. 5-6

The second Farm Credit School, a non-profit educational project sponsored by the New York State Bankers Association in cooperation with the New York State College of Agriculture, will be held at the Agricultural College, Ithaca, Dec. 5 and 6, it was announced on Oct. 27 by F. E. Decker, Chairman of the Association's Committee on Agriculture. The school is designed to promote among commercial bankers a wider appreciation and a more sympathetic understanding of the credit needs of New York State farmers.

Combined with the school will be a Training School for Key Bankers which will consist of a seminar on farmer-banker relations on the afternoon of Dec. 6. Key Bankers, who represent the Committee on Agriculture in farm counties, promote the Committee's program of banker activity and cooperate with 4-H and other farm organizations. The announcement issued by the New York State Bankers' Association says:

Lectures, panel discussions and round tables on farm financing will feature the school's five sessions. Among the chief speakers will be: Dr. W. I. Myers, head of the Department of Agricultural Economics and Farm Management, New York State College of Agriculture; E. H. Thomson, President, Federal Land Bank of Springfield, Mass.; Nicholas Jamba, Manager, Agricultural Department, National Bank & Trust Co., Norwich; A. G. Brown, Deputy Manager, Agricultural Credit Department, American Bankers Association; Burr P. Cleveland, President, First National Bank of Cortland, Cortland; C. E. Ladd, Dean, New York State Colleges of Agriculture and Home Economics; Otis A. Thompson, President, National Bank & Trust Co., Norwich, and L. R. Simons, Director of Extension, New York State College of Agriculture.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last 33¼.

Wabash Railway Company
Certificates of deposit to be issued by the Reorganization Managers
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

It is not good policy to speak dogmatically of the probable effects of wage increases on individual railroads practically on the eve of the announcement of the Fact Finding Board's conclusions. At this stage of the game anyone's guess is as good as the next one and it is probable that the final decision will provide for varying percentage increases for different classes of employees. Nevertheless, there are various broad principles that will be effective, and should be considered carefully now, regardless of the size and nature of the raise granted. In the absence of data to the contrary, any study must, for the time being, be based on the assumption that the percentage increase will be uniform.

For one thing, there has developed a general feeling that recent wage developments have been more favorable than otherwise to the investor. This is aside from the obvious desire on the part of many government leaders to see wages controlled as a brake to inflation. The care with which the management plan for a temporary emergency sliding scale of wage increases was worked out and presented suggests more than any unsubstantiated hope of a compromise along these lines. Also, the offer of the Board to arbitrate the question is being construed bullishly. It has been held that the recommendations of the Board, while not legally binding, would be effectively binding on the carriers in any event under present conditions. The attempt to make the recommendations actually binding on both parties is therefore taken as an intimation that the result may not be satisfactory to labor. This seems to have been borne out by acceptance of the arbitration offer by management and its rejection by union leaders.

The whole question of wage increases has put an effective dampener on speculative enthusiasm for the rails in recent months, and the pessimism has been growing progressively deeper. It seems that each passing day brought a wider wage increase to the rumor market, while the modifying influences have been getting less and less publicity. These modifying influences should now be considered closely as they will be important in making a quick appraisal of the probable longer term effect of the wage increase when the terms are announced.

Everyone agrees that a wage increase will not be a serious matter under present traffic and earnings conditions, merely shaving the top off the current extraordinary results which are not being reflected in market prices anyway. The danger of wage increases is seen in the effect on earnings when business retreats from boom levels. One important modifying circumstance is that the cost to the railroads of a 10% rise in wages does not amount to 10% of the pay of affected employees. Uncle Sam assumes part of the burden through lower taxes. Under present tax laws, and so long as taxable net income is equivalent to the amount of the aggregate wage increase, the net loss of income to the company is only 69% of the increase granted. Secondly, there are the savings (amount naturally indeterminable) possible through further mechanization and economies on maintenance forces; many payrolls have been padded in the last year or so by heavy extraordinary rehabilitation. Finally, and highly important in trying to evaluate what individual roads might do under traffic conditions as they existed during recent recession years but with the higher wages, is the extent to which reductions in fixed charges offset the wage increases.

In the following tabulation we show a 10% wage increase (1940 payrolls which include executive salaries not coming into the present controversy) together with re-

(Continued on page 813)

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Central Illinois Bonds Offered

Following award at competitive bidding Monday, Oct. 27, public offering of $38,000,000 first mortgage, Series A, 3⅜% bonds of Central Illinois Public Service Co. was made Oct. 29 by an investment group headed by Halsey, Stuart & Co., Inc. and including 46 additional members. The bonds, which mature in 1971, are being offered at 107 and accrued interest. Other principal members of the underwriting group are: Glore, Forgan & Co.; A. G. Becker & Co.; Harris, Hall & Co. (Inc.); Blyth & Co., Inc.; Central Republic Co., and Lehman Bros.

Proceeds from the sale of the bonds, together with company funds, are to be used to retire at 105¾, $38,000,000 first mortgage, Series A, 3¾% bonds due in 1968. On completion of present financing plans, the company's capital structure will consist of the $38,000,000 first mortgage, series A, 3⅜% bonds now being offered; $9,000,000 of 2, 2¾ and 3% unsecured notes, which will replace an equal amount of 3½s and 4% serial debentures; 278,797 shares of $6 cumulative preferred stock, (no par); 5,922 shares of 6% cumulative preferred stock ($100 par), and 260,343 shares ($40 par) common stock.

Central Illinois Public Service is principally engaged in the generation and sale of electric energy to 173,900 customers in 493 communities and adjacent rural areas in 61 counties in central and southern Illinois. Other activities include the distribution of natural gas water and heat, a cold storage business and the sale of gas and electric appliances and equipment.

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Bank and Insurance Stocks

This Week — Insurance Stocks

Should trustees in New York State be permitted to purchase insurance stocks?

Interesting data for the affirmative on this question were presented on Oct. 20th at hearing before the Joint Committee of the N. Y. State Legislature, by Mr. George Geyer, who emphasized the reasons why insurance stocks, apart from other common stocks, should be considered prudent for trustees:

1. Operations of each insurance company are supervised by insurance departments of every State. One of primary functions of such regulation is to assure fair rates, to assure profitability of operations and build up protection against losses and disasters.

2. Every insurance company is required to file annually extremely comprehensive statement of operations in every State. An exhaustive fund of complete information is available.

3. Insurance is one of the oldest and most indispensable industries. Of the 85 companies whose stocks are generally available for public investment, 45 or more than 50%, have been in business for over 50 years. There is no senior or funded debt and common stock is sole capital obligation, in the great majority of cases.

4. Insurance is the only industry having high degree of immunity from cyclical influences. The premium income and earning power of the insurance business is much less dependent on general prosperity of any given period and less dependent on general income of the country than other industries.

For example, the volume of construction, inventories, automobile output, etc. in any given period is not controlling—it is the total accumulation of wealth in the form of real estate, capital goods, etc. that controls premium volume. Thus, while automobile production in given years may fluctuate widely, the trend of fire and casualty automobile premiums follows the upward trend in total number of cars in use. It is this stability of "sales" (premium income) that makes insurance stocks more stable for trustee investment than stocks of companies in general.

5. Insurance stocks are stable and consistent dividend producers. Of the 85 insurance stocks generally available for investment, 79 stocks (93%), are paying dividends; 25 (30%) have been paying dividends in every year for 50 years or longer; and 41 (50%), in every year for the last 20 years.

6. Insurance stocks are less susceptible to speculative market influences. Of course, insurance stocks fluctuate in market value—but results with insurance stocks on the whole have been very favorable for bona fide long term investors.

An equal investment of $1,000 in each of the 18 fire insurance stocks in the Standard-Poor's Index in 1920 would have appreciated 325% in 1929. At lowest prices for securities, in 1932, the 1920 investment in insurance stocks on April 1, 1932 would have been 90% of original value; on July 1, 1932, 49% of original value; but by Oct. 1, 1932, would have recovered to 88½% of original value. Therefore, except for a very brief period in 1932, the buyer of insurance stocks 20 years ago, even in 1932, would have had 90% of his investment intact in market value.

By 1936, the original investment would have shown appreciation of 115%; and on Oct. 1, 1941, market value would have been 205% of original 1920 investment. Over the 20-year period, in only one year, 1932, was the market value lower.

The experience with income was even more favorable. At the worst year for income, 1933, dividend income for the 18 fire stocks was 96½% of the 1921 income. In 1929, income was 93% higher than 1921; 1932, 14% higher; and 1940, 35½% greater than 1921. Average annual income over the 20-year period was 8.09%.

For the purpose of indicating this was not an exceptional showing, a 1926-1940 study of fire and casualty stocks shows that dividends increased 81% in 1929 over 1926; in the worst year (1933) were only 12% lower than 1926, generally regarded as a normal year; and in 1940, were 40% greater than 1926. Market value declined at low of 1932 depression to 23% of 1926 prices but quickly recovered and by 1940, was 88% of 1926 prices. Today, market value is approximately equal to 1926.

Thus, if the 1926 investment had been left intact, it would be worth just as much today, and the holder would have collected 40% more income than in 1926.

7. The growth factor, if insurance stocks are held over a period of years, results in very steady accretion of value. A group of 35 leading fire insurance companies for 1933-1940 showed average annual growth of 5¾% in net worth, after payment of dividends. (Casualty companies on same basis showed 14% per annum accretion). Dividends were only 80% of investment income, all other earnings being retained in the business; thus increasing equity of stockholders and broadening the base of funds available for additional purchase of income-producing securities.

If a trustee, therefore, looks at intrinsic value rather than market value, he would be better off today than at top of boom in 1929—of 70 fire and casualty companies, 33 currently have greater net worth than 1929 and 47 have either greater or 90% or over of 1929 net worth.

These are cogent and compelling reasons why stocks of fire and casualty companies possessing adequate capital and surplus and conservative diversification of investments would be of great assistance to trustees in working out the problem of better return for life tenants without sacrificing conservatism and stability of value of principal.

(A "legal list" per se or statutory safeguards do not relieve a trustee from due care as a prudent investor in exercising judgment and timing, and "a bond" is no safer necessarily than "a stock." The real test is the safety of intrinsic value and stability of earning power and dividends of the security involved. On these fundamentals, leading insurance company stocks appear to rank with the best securities available, as the above data illustrate.

MARKETS IN
Central-Penn National Bank
Corn Exchange Natl. Bk. & Tr. Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Provident Trust Co.
Phila. Transportation Co.
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H. N. NASH & CO.
1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477 — *New York Phone* HAnover 2-2280
Teletype PH 257

Farm Foreclosures

Farm foreclosure sales were the lowest in seven years, during the year ending June 30—a year that showed a sizable expansion in the use of mortgage credit by farmers—the Department of Agriculture said on Oct. 16. A drop of 30% in farm foreclosure sales and an increase of 8% in the dollar volume of farm mortgage lending took place in the fiscal year 1941, compared with the previous year, according to A. G. Black, Governor of the Farm Credit Administration.

From the Department's announcement we also quote:

Foreclosure by individuals—20%—showed the least decline. Insurance companies, with a drop of 44%, and Farm Credit Administration creditors, 38%, show the most. Improvement in farm income and remedial measures adopted in 1940, when more than 100,000 land bank and Commissioner loans were reamortized, are credited with providing the major impetus to the drop in foreclosures by the Farm Credit Administration.

A total of $811,700,000 in farm mortgage loans was made throughout the country in the 1941 fiscal year—an increase of almost $58,000,000 over the previous year. Although the number of farm real estate mortgages recorded in 1941 increased slightly over the previous year, the second quarter of 1941 shows a drop of 6% compared with the same months last year.

Dividends on Bank Stock Are Taxable

The United States Supreme Court declined on Oct. 13 to review a Minnesota Supreme Court decision holding that dividends of the First Bank Stock Corp., insofar as they are derived from dividends from national bank stock, are subject to the Minnesota income tax. As to the case involved the Chicago "Journal of Commerce" in its Oct. 14 issue reported as follows from Washington:

The First Bank Stock Corp. owns a controlling interest in 33 State and national banks in Minnesota, North Dakota, South Dakota and Montana and obtains much of its income from its stock investments in those banks.

Federal law permits the taxation of national banks in one of four forms. The form selected by Minnesota is the taxation of the stock of such banks. No other form of levy on national banks is permitted.

H. H. Irvine, a holder of First Bank Stock Corp. stock, contended that the taxation of the corporation's dividends, to the extent that they came from national bank dividends, was an attempt to tax the latter a second time in violation of national banking statutes.

The State Supreme Court ruled, however, that the Bank Stock Corporation is "an economic unit wholly distinguishable from that of the subsidiary banks" and a "non-conductor" of the qualified immunity from State taxation enjoyed by the banks themselves.

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Reserve ... 20,000,000

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NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
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RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital . . . £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Royal Bank of Scotland
Incorporated by Royal Charter 1727
Over 200 Years of Commercial Banking
HEAD OFFICE—Edinburgh
General Manager
William Whyte
Total number of offices, 258
CHIEF FOREIGN DEPARTMENT
3 Bishopsgate, London, England
Capital (fully paid) ... £3,780,192
Reserve fund ... £4,125,965
Deposits ... £69,921,933
Associated Bank
Williams Deacon's Bank, Ltd.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ... £8,780,000
Reserve Fund ... 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1940 ... £143,903,000
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY

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Agency arrangements with Banks throughout the U. S. A.

Payroll Deduction Plans

The New York State Bankers Association on Oct. 21 urged all its members to set up Defense Savings Bonds payroll deduction plans which will enable as many of their employes as may wish to do so to purchase Defense Savings Bonds by allowing regular deductions to be made from their salaries and wages each pay day. The Association is distributing to members booklets which describe procedure to be followed in instituting payroll deduction plans, together with sample cards by which employes may authorize salary deductions to be made for this purpose.

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NEW YORK — WHitehall 3-9630 — NY 1-563

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Members N. Y. Stock Exchange

JOTTINGS

(Continued from First Page)

and to keep the Communists from getting control of it for their own political purposes.

Look for pressure for higher Mid-Continent crude oil prices to continue until it is successful. With the blow-off in Illinois over, there are now no big flush fields coming in while on the other hand consumption is outrunning anticipations. There is insufficient wild-catting, and both the regular field wells and the strippers are being squeezed by higher wages and costs. While we have enormous underground reserves, the point is that the "optimum withdrawal rate" will soon be reached, and after that any increase in the rate of flow or pumping will hurt the wells. Then the answer will have to be either more fields, or some lid on consumption, or increased imports from Mexico and South America. Then, too, the Russians may lose their oil and want ours.

For those who fear that the emergency is going to bring an all-out "socialization" or "managerial revolution" to American industry through taxes, etc., there is some solace in some overseas developments. Proposals are being discussed in Britain to "put profits back into war" because the present war profits tax discourages corporate economies and initiative, while there seems to be some kind of a move in Germany toward "re-privatization" of government-owned banks. If these represent an underlying trend it may help to explain why both London and Berlin stock markets have been in a mild uptrend most of this year, in contrast to New York.

Get any two aviation pilots, engineers, designers, or fans together and you will have an argument about the performance of our military planes. The Airocobra is a whiz, says one. Its ceiling is too low, says another, and it's nose-heavy. A fine fighter, the new P-40 D, says one. Too high a landing speed, says another. Wonderful climber, says one of the Lockheed interceptor. The airslip makes it too tricky on turns, says another. The B-17 (Flying Fortress) is the year's bombing sensation, says one. Not enough power turrets, comes the answer. And incidentally, power turrets do happen to be one of the current bottlenecks in the military aircraft industry. Sweeping the sky like an astronomical laboratory, they are complicated, costly, and we don't make near enough.

Incidentally, the plane people seem the most sanguine in all industry about what they are going to do after the war. Long-distance luxury liners, intermediate and inter-urban passenger services, fleets of "sky trucks" and "flying freight cars," "freight trains of the air" (glider-trains), swarms of (flivver planes, thousands of new airports, are among their prophesies.

Don't worry too much about these back-sliding business indices. One of the principal reasons is their seasonal adjustment, which puts a reverse English on the industries already at capacity. Seasonal adjustments have mostly called for a rise in recent months, so the impossibility of a rise above capacity has forced the adjusted indices down. The effect should be reversed soon. Meantime the Bureau of Agricultural Economics, dean of forecasters now, looks for a 10 to 15% increase next year over this. BAE recent guesses on this particular subject have been a little too conservative.

THE BOND SELECTOR

WESTERN UNION BONDS

For Income and Appreciation Possibilities

Recent developments in the Western Union Telegraph Company picture warrant some study of the company's bonds, all selling in the 80's at the present time.

Outstanding issues are $20,000,000 Funding and Real Estate 4½s, 1950, $25,000,000 25-year 5s, 1951 and $35,000,000 30-year 5s, 1960. Actually, all three obligations are unsecured debentures ranking equally, since the real estate upon which the 4½s, 1950, were originally secured was sold many years ago. The deed of trust of this latter issue specifically provides, however, that should any mortgage be placed on any property, the 4½s, 1950 are to be secured by a prior lien on any property so mortgaged. The 5s, 1951 and 1960 must be secured ratably with any mortgage placed upon any property of the company.

The following tabulation shows the price ranges of the three issues on the New York Stock Exchange since 1936:

	1941	1940	1939	1938	1937	1936
4½s, 1950	85½-71¾	79 -50	72⅛-55¾	74½-47	111⅞-58¾	112½-103
5s, 1951	88½-73½	82½-53⅜	76 -57⅝	77½-48⅝	107½-59¾	107⅞-103¾
5s, 1960	86 -74	81 -51	75¾-57	77 -47½	109½-58½	109¼-104

The 4½s, 1950 are not subject to redemption. The 5s, 1951, are currently redeemable at 105 on any interest date after 60 days' notice up to Dec. 1, 1946. The 5s, 1960, are now callable at 105 on any interest date after 60 days' notice up to Mar. 1, 1955.

This company's earnings, due to the high ratio of fixed costs, including maintenance of land lines, rentals and labor, fluctuate more or less in line with those of the railroads and other heavy industries with relatively large proportions of inelastic overhead. The following table shows selected income items over the past several years and in 1929:

	Gross Operating Revenue	Gross Income	Depreciation	Avail. for Fixed Charges	Fixed Charges	x-earned
1940	$99,704	$15,885	$8,198	$7,687	$4,065	1.89
1939	95,660	13,821	8,270	5,551	4,171	1.33
1938	91,712	10,776	8,225	2,551	4,188	0.61
1937	100,483	13,354	5,633	7,721	4,395	1.76
1936	98,420	17,748	5,631	12,117	4,917	2.46
1929	145,667	28,835	9,750	19,085	3,610	5.29

Western Union's activities tend to parallel those of general business conditions, but due to the extremely high proportion of fixed costs, a slight deviation in gross revenues usually has an extremely volatile effect upon income. As a result, fixed charges were not fully earned after depreciation in 1932 or 1933. Conversely, of course, during periods of heavy industrial production earnings tend to mount sharply. In 1940, as an example, gross revenues increased 4.3% while income available for fixed charges was up 38% over 1939.

For the first eight months of 1941, gross revenues were 14% ahead of the same period of 1940, while income available for interest increased 42% with the result that fixed charges were earned 2.02 times compared with 1.39 times for the first eight months of 1940.

For many years, Western Union's depreciation allowances were criticized as inadequate. For the five year period through 1937, the annual reserve averaged approximately $5,000,000. Since 1938, depreciation has averaged over $8,000,000 annually. In 1940, depreciation allowance was equivalent to 8.2% of gross revenues and an additional 12% was expended for maintenance. As a percentage of gross property account, the 1940 reserve was equal to 2.4%. Present rate of chargeoff is considered quite adequate. In the past ten years, depreciation reserves have been over $44,000,000 while book cost of plant has increased only $9,000,000. In this connection, it should be pointed out that Western Union's depreciation charge for tax purposes is in excess of $11,000,000.

Total funded debt of $85,435,000, which includes $3,100,000 of bank loans and two small underlying issues, is equivalent to about 34% of net, and 26% of gross, property account. Net current assets at the end of 1940 of $14,976,000 included $9,116,000 of cash. Current assets totaled $28,000,000 against $13,000,000 of current liabilities with a resultant current ratio of 2.15 to 1.

Of prime importance in any study of Western Union is the proposed merger with Postal Telegraph. Only this month, the Interstate Commerce sub-committee of the Senate recommended that Congress approve amendments to the 1934 Communications Act which would permit a consolidation of the two companies. It is understood that approval in principle of this recommendation has been secured from the managements of the two companies and from the Chairman of the Communications Commission. Many people believe that enabling legislation may be completed during 1941. What the terms of such a merger would be are, of course, unknown but it appears quite obvious that many benefits would accrue to Western Union, by far the stronger of the two companies.

A great many savings would accrue almost immediately, such as savings in expenses of rentals, light, telephone, maintenance, etc.—perhaps as much as one-third in these items alone. Elimination of duplicate lines in many large cities might save a quarter of this expense, and elimination could be effected of perhaps three-quarters of Postal's offices since most of them duplicate existing Western Union offices. Messenger service expense could be cut by approximately $1,000,000. From the angle of additional revenues (approximately $21,000,000 from Postal and $23,000,000 from Bell System wire and telegraph facilities if the sub-committee's recommendation is carried through) it is obvious that, taken in conjunction with operating economies, these can produce substantial additional income in a leverage industry.

In consideration of these several factors, the bonds appear to be attractively priced as income producers, while at the same time affording unusual possibilities for appreciation.

AFFILIATED FUND INC.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York

Investment Trusts

A steady rise in the yield of common stocks listed on the New York Stock Exchange has taken place during the past three years according to "The Exchange," official publication of the Stock Exchange.

The list of all common stocks on the Stock Exchange yielded 4.8% in 1939, and the yield rose to 5.7% for last year. A still higher figure is indicated for 1941, with the yield for the first nine months a 7.4% increase over the like period of 1940.

This high yield rings attention to the returns from diversified investment companies, and to the widespread belief that investment company shares return a relatively low yield. Actually the reverse is more often the case. A few of the mutual investment companies, for example, may have rates a little below the average, but to receive a return slightly below average is far better than to receive no return at all as is the ever-present prospect with most individual issues returning better than average. On the other hand, quite a few of the mutual companies return an amount somewhat above average.

Compared with the yield of all listed stocks of 5.7% for last year, a group of twenty diversified mutual investment companies shows an average yield of 5.4% for the first nine months of this year, based on current asset values and the last three quarterly dividends paid by each of the companies (or in three cases, the latest semi-annual dividends). In contrasting the figure for the investment companies with that for all listed stocks, it must be remembered that the latter has had the advantage of generous year-end dividends, while the former has yet to be augmented by the dividends to be paid at the close of 1941.

FUNDAMENTAL INVESTORS, INC.

PROSPECTUS ON REQUEST

HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE JERSEY CITY · 634 SO. SPRING ST. LOS ANGELES

various investment funds for the nine months period naturally is no indication of their regular yearly distribution returns. The methods of distribution differ, and the payment dates differ, as well as the investment aims of the various companies. However, the figures do illustrate that all the companies are returning fair yields to shareholders, and the return is far more uniform than can be found in other fields.

Investment Company Reports

American Foreign Investing Corporation

The asset value of American Foreign Investing Corporation's common stock was $8.08 per share on Sept. 30, 1941. After allowing for the dividend of 10 cents per share paid during the third quarter, this represents an increase of 21.01% over the asset value of

(Continued on page 811)

Mutual Investments Companies—	9 Months Distributions	Bid Price 10/27/41	Yield
American Business Shares	$0.08 (6 mos.)	2.64	6.1%
Boston Fund	.53	13.27	5.3%
Broad Street Investing Co.	.75	20.61	4.9%
Bullock Fund	.40	11.67	4.6%
Commonwealth Investment Co.	.12	3.40	4.7%
Delaware Fund	.60	11.67	6.9%
Dividend Shares	.05	1.01	6.6%
First Mutual Trust Fund	.27	5.26	6.8%
Fundamental Investors	.54	15.00	4.8%
General Investors Trust	.19	4.23	[illegible]
Incorporated Investors	.61	13.55	6.0%
Investment Co. of America	.75	17.62	5.7%
Investors Fund "C"	.30	8.80	4.5%
Massachusetts Investors Trust	.62	17.14	4.8%
Mutual Investment Fund	.30	8.22	4.9%
National Investors Corp.	.10 (6 mos.)	4.93	4.1%
New England Fund	.41	10.28	5.3%
Selected American Shares	.15 (6 mos.)	7.71	3.9%
Sovereign Investors	.30	5.37	7.5%
Wellington Fund	.54	13.41	5.4%
Average			5.4%

Fairly uniform yields, moreover, are to be found in most of the investment companies, as the table of these 20 companies below will show. It is natural that this would be the case, but its importance is often overlooked, for it makes it possible for the uninitiated to obtain average yields, or nearly average, without undertaking the risks of haphazard investment.

As shown in the table, yields for the first nine months of this year varied from 3.9% to 7.5%. Only two companies had yields under 4.5%, and only nine had yields of 5.0% or under, and all but one of these customarily declare small quarterly and larger last quarter dividends when earnings permit.

The relative yields of these

MANHATTAN BOND FUND INC.

PROSPECTUS ON REQUEST

Wholesale Distributors
HUGH W. LONG and COMPANY
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Municipal News & Notes

NEW ORLEANS

LOUISIANA
and
MISSISSIPPI
MUNICIPALS

Scharff & Jones
INCORPORATED
Whitney Bldg.
Jackson, Miss. NEW ORLEANS Shreveport, La.
Bell Teletype—NO 180

Cities should take advantage of the rearmament boom and prepare for the next depression by adopting a "pay-as-you-go" policy and reducing bonded indebtedness, Carl H. Chatters, Chicago director of the Municipal Finance Officers Association, declared last week.

To meet new problems resulting from the arms program, he also advocated that cities stop waste of all kinds, maintain present physical facilities in first class working order, eliminate unnecessary activities and rigidly enforce tax collection laws.

"Cities ought to adopt the pay as you go policy at the present time for several reasons," Chatters asserted. "In the first place, such a policy can best be started in prosperous times. In the next place, communities which reduce instead of increasing their bonded debt will have funds available when the next depression hits."

He expressed doubt that cities which do not rigidly enforce tax collection laws now will ever do it.

Chatters said the armament program has improved cities financial position by reducing the relief problem and improving tax collections in most places. On the other hand, migration of civilians to armament jobs and movement of military forces have created demands for greatly expanded physical facilities and city government services.

He said increased salaries and wages constitute "the most pressing question," because many city employes are finding better paying jobs.

Municipalities, Chatters declared, face the same problems as private business, except for one factor. When private business increases its volume revenue increases. When the amount of work done by a city increases, its revenue does not necessarily increase.

Municipalities Urged To Exercise Financial Restraint

Harold D. Smith, director of the Federal budget, called upon municipalities to assist the defense program by postponing or minimizing all expenditures which might compete directly with defense production.

"The more restraint that is exercised by public and private consumers, the less will be the need for direct controls from Washington," he said in an address written for the 18th annual conference of the American Municipal Association.

Smith said States, counties and cities could help the national objectives upon three fronts.

"They can help to counter inflation during the current phase of the defense program. Second, they can assist in the transformation to a defense economy. Finally, they can ease the post-defense readjustment.

"In helping the fight against inflation, State and local governments can also strengthen their own finances immediately and in preparation for the difficult period ahead," Smith continued. "This can be done by freezing surplus revenues in dormant bank deposits or Federal bonds.

"Retirement of debt is almost equally effective, although this may involve some diversion of funds from savings to the commodity markets. Reduction of taxes, on the other hand, is almost certain to contribute to inflationary pressure, since it releases consumers' purchasing power."

Property Tax Seen Best For Cities

A boost for the property tax as a strong source of revenue for local governments was made recently before the Southern Institute of Local Government sponsored by the University of Tennessee.

Albert Lepawsky, Chicago, executive director of the Federation of Tax Administrators, told the final session of the institute that the property tax "is not quite the burden it is cracked up to be."

"It probably does work hardships and pressure on some classes," he said, "but as a whole the property tax paying public sacrifices less in terms of benefits received than under most other forms of taxes."

Mr. Lebawsky asserted that the property tax was a stronger revenue source than city sales taxes, city income taxes and license levies.

He suggested this levy could be made more effective by using the instalment plan for its payments, improving personnel in tax administration offices and originating new types of property taxes.

"The property tax should continue to be strengthened," he declared.

U. S. Property Seen Taxable By States

States may have the right to tax Federal property which is operated as a commercial enterprise, it was aserted recently by Allan A. Smith, attorney and tax expert of Portland, Ore., speaking before the annual conference of the Washington State Taxpayers Association.

Mr. Smith cited recent court decisions in support of his theory that there is no bar to taxation of such Federal enterprises as housing projects, power systems and government owned timber holdings.

Growth Of Slum Areas Held Peril To City Incomes

Gradual development of slum areas in the nation's cities threatens the security of many municipalities and casts heavier burdens on taxpayers, delegates to the eighth national conference on assessment administration were told.

"It has been recognized for some time that the spread of blight through cities is something that threatens the very life and existence of these cities," said H. Gordon Bollman, chief of the administrative service division of the county assessor's office at Chicago.

It undermines the city in all its points of contact and especially in its financial structure.

"Enough has been said about the social consequences of slums and blighted areas—crime, juvenile delinquency, moral degeneracy and so on. About the contribution of blight to these evils there is no argument. Too little attention has been paid to the inroads that blight is waging on municipal treasuries, and this aspect of the problem is one that is of paramount importance to all concerned with the value of real property."

He urged as a remedy vigorous tax collection machinery and city planning that "will protect residential sectors against the inroads of undesirable industrial and commercial activity."

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INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Few Major Bond Issues Before Voters

Proposed new municipal bond issues scheduled for presentation to the voters at next Tuesday's general election, offer scant encouragement to investors and dealers for any substantial augmentation of the diminishing flow of this class of securities. Compilations show that the total is the smallest in more than ten years.

Major item on the list is the the $66,500,000 flotation that citizens of San Francisco are to be asked to authorize for acquisition of the privately-owned electric distribution system operated by Pacific Gas & Electric Company for distribution in the city, of Hetch Hetchy water power.

This will be the seventh time the proposal will have been put before the voters. The preceding occasion was in May of 1939, when it was rejected by a vote of 121,895 to 49,843.

Apart from the San Francisco proposal, the volume of bond election totals appears to be dominated by local governmental units in Ohio. Cincinnati, for example, will vote on a $7,500,000 flotation for street improvement, playground and hospital purposes. Akron will seek voter sanction on a $2,950,000 issue for various purposes. Hamilton County will ask approval of a $1,000,000 issue for court house, country home and airport needs.

Only other relatively sizable project to be considered is a $1,750,000 sewer improvement bond issue for Portsmouth, Va. It is expected that numerous small municipal flotations not yet indicated in the lists will come up for voter action, but the aggregate is not likely to be large, it is felt.

Besides these new and revived projects, considerable interest will center around the No. 1 amendment confronting New York State voters. This would divert some $30,000,000 to highways and parkways from the $300,000,000 State bond issue originally authorized solely for grade crossing eliminations. A vigorous contest is forecast for this proposal.

N. Y. State Comptroller Election Cancelled

The State-wide election for a State Comptroller to succeed the late Morris S. Tremaine was canceled Monday in an opinion by the Court of Appeals, the State's highest tribunal. The court, in a 4 to 3 decision ruled that "no election for the office of Comptroller can be held this year."

The contest had been scheduled between Joseph V. O'Leary, Democrat and American Labor Party candidate, and Frank C. Moore, the Republican nominee who had been seeking to run as a city Fusion candidate in addition.

The court's decision in calling off the election resulted from Republican efforts to obtain an additional place on the November ballots for Moore.

O'Leary, former Standards and Purchase Commissioner for the State, was appointed State Comptroller temporarily pending the election of a permanent officer.

N. Y. City Sales Tax Cut Becomes Effective

New York City's residents began to benefit after midnight last Sunday by the reduction in sales and use taxes to a flat rate of 1 per cent. Some of the patrons of bars and restaurant celebrated the occasion by demanding of forgetful bartenders a few pennies rebate.

Reduction of the taxes from 2 per cent and 3 per cent to 1 per cent will affect almost every person in the city. Comptroller Joseph D. McGoldrick has estimated that the reduction will save the taxpayers $30,000,000 a year.

Mayor LaGuardia said the reduction was possible at this time because of increased sales, yielding larger tax returns, and because employment in defense industries was causing a diminution in relief cases.

Michigan Governor Cites Year's Progress

Governor Van Wagoner of Michigan said recently that he and the 1941 Legislature took at least 24 steps toward better government this year. The lawmakers gave him two dozen of the things he asked for in his inaugural message, although they denied him many other requests, and forced on him some things he didn't want.

Here's his list:

1—A State Defense Council, "which has proved of tremendous value"; 2—A law earmarking funds out of regular income to retire the State deficit, instead of hoping that surpluses will retire it painlessly; 3—Changes in the intagibles tax "although not nearly the improvement we should have." Van Wagoner contends the tax is inequitable; 4—The consolidation of tax-collecting agencies into a single revenue department; 5—Tightening up of sales tax collections; 6—A balanced budget; 7—A deficiency appropriation of $4,500,000 which permitted immediate improvement in care of crippled children, old-age clients, mental patients, etc.; 8—A curb on over-spending by the "little Legislature"; 9—An improved public health program; 10—Money to care for all persons eligible for old-age assistance, aid to dependent children, etc.; 11—Satisfactory reform of the distribution of aid-to-crippled-and-afflicted children.

12—Money to open up the newly built mental hospitals; 13—Increased benefits for claimants under the Unemployment Compensation Act; 14—More money for schools and colleges; 15—Improvements to the schools for handicapped and homes for care of juvenile delinquents; 16—More State police; 17—Permission to build limited-access highways; 18—More money for tourist advertising; 19—Improved conservation laws; 20—More aid to libraries (similar to school aid); 21—Expansion of the grading and marketing of farm products by the Agriculture Department; 22—Paroles for lifers; 23—A highway safety-education commission; 24—Money to set up a Home Guard.

The Governor said that he was disappointed that no progress was made in the field of labor legislation. He also is disappointed in not having reduced State payrolls, but says he thinks that this can still be done. He says he is proud of the buying system set up since Jan. 1 (he vetoed a bill to create an autonomous buying department, preferring his own plan), and believes his Civil Service Commission can make civil service work.

Florida Highway Bond Study Issued

The effect of legislation enacted by the 1941 Legislature of Florida would make it seem that the outstanding highway bonds of Florida counties are quasi-State obligations and assures prompt payment of principal and interest according to a study prepared by B. J. Van Ingen & Co., Inc., 57 William St., New York City.

The legislation, the study states, formally recognizes the principle that the State is responsible for road and bridge bonds issued by its counties and special road and bridge districts. The study includes excerpts from the laws enacted by the Legislature as well as pertinent tables and statistics.

Kentucky Local Debt Regulations Defined

A brief outline of the laws and condtions governing municipal bond issues in the State of Kentucky is presented in the second edition of the compilation of quotations and rations of W. L. Lyons & Co., of Louisville, recently issued. In addition to data on the various issues of subdivisions of the State, the brochure includes such information as taxation of bonds, legal investments, current market prices, and comparative ratings on the individual bonds. Copies are being sent to those interested on request.

Asbury Park Sells Bonds

The seashore resort city of Asbury Park, N. J., yesterday sold a total of $10,230,000 3½% serial and term refunding general and revenue bonds to a comprehensive syndicate headed by B. J. Van Ingen & Co., Inc., of New York, on its bid of $9,821,900 for the entire amount. This is the largest single piece of financing that has hit the municipal field in some time.

Trend Of The Market

A slightly better tone was displayed by the municipal bond market in the last week, according to traders and dealers. The volume of business was reported generally as at "low ebb," but some spotty animation was encountered, it was said, and this was reflected in a moderate decrease in the indicated available supply of offerings.

With the dearth of original financing, many dealers reported considerable success in selling off their lists. Fair business in odd lots that have been carried for some time was attributed to acceptance by buyers of the view that the outlook is not for much in the way of "bargain' 'opportunities, considering the limited prospects for augmentation of the supply for as far ahead as may be seen at this time.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Nov. 4th

$1,030,000 Terrebonne Par., La.
This parish has not made any recent sales of bonds.

Nov. 5th

$2,543,000 Martin Co. and St. Lucie Inlet Dist. and Port Auth., Fla.
This appears to be the initial piece of financing by this combined authority.

Nov. 12th

$500,000 Lafayette Par., La.
We do not find a record of any recent sales by this parish.

Nov. 18th

$900,000 Cuyahoga Co., Ohio
The county awarded bonds in September to a syndicate headed by Braun, Bosworth & Co. of Toledo. Second best bid was entered by Otis & Co. of Cleveland.

Phila. Municipal Men Enjoyed Gala Dinner

PHILADELPHIA, PA. — The Municipal Bond Club of Philadelphia, a newcomer in the field of security dealers organizations, held an informal dinner at the University Club in that city on Thursday, Oct. 2nd.

Bud Schaufler, *Moncure Biddle & Co.*; Walter Schumann, *Dolphin & Co.*

Web Dougherty, *A. Webster Dougherty & Co.*; Gene Arnold, *Harriman Ripley & Co.*; Dick Parks, *Buckley Bros.*

Dick Parks, *Buckley Bros.*; George Wyckoff, *A. Webster Dougherty & Co.*; Walter F.xte:, *Buckley Bros.*; Russell Schuler, *First Boston Corp.*; Russ Schaffer (sitting), *Mackey Dunne & Co.*

Frazier Sheffer, *E. W. Clark & Co.*; Will Congreve, *Stroud & Co., Inc.*

This highly successful affair was presided over by A. Webster Dougherty, A. Webster Dougherty & Co., its President, and was attended by 63 members out of a total enrollment of 73. All of those attending were "in the mood" long before dinner was served.

Entertainment was provided by Bob Hall and Ed Fitch, E. M. Fitch & Co., Inc., and consisted of two sets of extremely interesting moving pictures. The former sponsored pictures of the leading football games of the country and accompanied the slow motion scenes with a lecture pointing out the blocking, mouse-trapping and other sundry fine points of the game. "America Marches Off", owned by the Bond Club of Philadelphia, was a satire on the more serious film of similar name sponsored by the I. B. A. This one Ed Fitch put across with a verbal barrage that kept the boys in an hysterical state.

The genial Mr. Quintard of Suplee, Yeatman & Company, Inc., kept the gathering in a constant state of nerves with his incessant flashlight shots. A permanent record of some of the boys' "off guard moments" are being kept by the Association and should prove quite interesting to look back on.

NY Analysts To Meet

The October Luncheon Meeting of the New York Society of Security Analysts, Inc., will be held today at the Lawyers' Club at 12.30 p.m. The group will be addressed by George Spencer, assistant director of the Public Utilities Division of the Securities and Exchange Commission, and formerly vice-president in charge of finance of the New England Public Service Co. Mr. Spencer, who is in charge of the analytical work of the Commission with respect to public utilities, will speak on "Aspects of the SEC Regulation of Utility Holding Companies" particularly stressing the functions of the SEC under the Public Utility Act of 1935.

Covers, $1.35 per person including tip. Reservations should be made through Miss Lennon, office of Shelby Cullom Davis, program chairman, Bowling Green 9-3789. Members may bring guests.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Herbert P. Dammes retired from partnership in Hardy & Co., New York City, as of Oct. 23.

The privilege of H. John Bechler to act as alternate for William de Forest Smith, Smith & Gallatin, New York City, was withdrawn effective Oct. 20.

Leon Osterweil, partner in Abraham & Co., New York City died on Oct. 18.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers have been made with the Securities and Exchange Commission on the dates indicated:

Oct. 2, 1941—Walter R. Miller 1221 Sherman St., Alameda, Calif., a sole proprietorship.

Oct. 6, 1941—F. L. Dupree & Co., Central St., Harlan, Ky. F. L. Dupree, Mary W. Dupree and Russell K. Rowley, officers

Oct. 9, 1941—Building and Loan Mart, 31 Clinton St., Newark N. J., Michael S. Precker, sole proprietor; J. D. Choffy, 101 Cedar St., New York City, sole proprietor, Joseph Daniel Choffy formerly a partner in J. D. Choffy & Co.

Oct. 10, 1941—Colonial Bond and Share Corp., First Nat'l Bank Bldg., Baltimore, Md., Wilmer Curtis Stith, Russell Phillip Dotterer, and Franklin O'Neill Curtis, officers, J. W. Odgers having withdrawn; D. Heffler Company, 4613 Clarendon Road, Brooklyn, N. Y., David Heffler, sole proprietor; Rush M. Jackson, 416 N. Chaparral St., Corpus Christi Tex., a sole proprietorship.

Oct. 11, 1941—Wm. C. Heinemann & Co., 10 South La Salle St., Chicago, Ill., Alfred E. Stanmeyer, George J. Kaspari, Felix E. Dreyer, and Teresa L. Stanmeyer, officers.

Oct. 13, 1941—Cornell, Schroeder & Co., 120 South La Salle St., Chicago, Ill., George D. Wilkinson, Jr., an officer, in addition to Paul A. Schroeder and Gwendolyn Evans; George T. Goggin, Receiver of Morrison Bond Co., Ltd., Debtor, 354 South Spring St., Los Angeles, Calif., a sole proprietorship; Fowler Buck Howard, 211 First Nat'l Bank Bldg., Longview, Tex., a sole proprietorship; Dwight J. Wilson, 312 Bitting Bldg., Wichita, Kans., a sole proprietorship.

Oct. 15, 1941—D. R. Comenzo Co., 2 Broadway, New York City, Dominick R. Comenzo, sole proprietor; Edwin H. Gibb has withdrawn as partner in E. H. Gibb & Co., 74 Trinity Place, New York City, Percy W. Archard and G. Clifford McCarthy being the remaining partners; Selected Royalties, Inc., 111 Broadway, New York City, oil royalty dealers, Paul S. Stacey, Walter W. H. Trytell, and Nathan Young, officers.

THE FAJARDO SUGAR COMPANY OF PORTO RICO

ANNUAL REPORT TO THE STOCKHOLDERS FOR 1941

To the Stockholders of
The Fajardo Sugar Company of Porto Rico

Your Board of Directors hereby submits its twenty-third annual report of The Fajardo Sugar Company of Porto Rico.

The grinding commenced January 30, 1941 and ended June 10, 1941 covering a period of 123 working days. The total cane ground amounted to 780,742 tons. The factory output was 90,388 tons of sugar. Included in said figures is the output of the Loiza Sugar Company.

The following is a comparative statement showing the individual output of The Fajardo Sugar Company of Porto Rico and the Loiza Sugar Company:

Fajardo

Total cane ground into sugar, 492,509 tons.
Factory output, 56,203 tons of sugar, or 449,621 bags of 250 lbs. each.

Loiza

Total cane ground, 288,233 tons.
Factory output, 34,185 tons of sugar, or 217,480 bags of 250 lbs. each and 140,000 bags of 100 lbs. each.

While the grinding of our standing cane was restricted during the crop by law, which made it necessary to carry a considerable amount of growing cane into the 1942 crop season, at the same time the marketing quota was increased to allow us to ship and sell all reserve stocks.

The 1942 crop appears to be in excellent condition.

No decision has been rendered as yet by the Supreme Court of Puerto Rico in connection with the Quo Warranto trial, involving the so-called "500 Acre Law", which trial was started in August 1940. In the meantime, Puerto Rico enacted the so-called "Land Law", which set up an authority with power to take over, with compensation, lands in excess of 500 acres held by corporations, partnerships, associations, etc. The validity of said law is being tested at the present time in the Courts by other organizations. More detailed information in this respect has been supplied to our stockholders from time to time during the year.

Attached will be found consolidated Balance Sheet and Statement of Profit and Loss (including The Fajardo Sugar Growers' Association, the Fajardo Development Company and the Loiza Sugar Company) duly certified by public accountants.

For the Directors,
JOHN BASS, *President.*

THE FAJARDO SUGAR COMPANY OF PORTO RICO
And Associated Organizations
CONSOLIDATED BALANCE SHEET—JULY 31, 1941

ASSETS

Property and Plant	$11,076,264.35	
Less—Reserve for depreciation	4,570,764.26	
		$6,505,500.09
Work Animals, Livestock and Equipment (Less Reserve for Depreciation of Equipment)		802,774.81
Investments:		
Real estate mortgages, including interest due thereon (less reserve)	$253,878.64	
Chattel mortgages and agricultural and other loans	29,802.03	
Miscellaneous, at cost (no market value obtainable	100,000.00	
		383,680.67
Current Assets and Growing Cane:		
Planted and growing cane	$1,173,688.74	
Materials and supplies	475,631.89	
Compensation receivable from the Federal Government under the Sugar Act of 1937 (since collected)	494,854.86	
Planters' accounts (less res.)	158,326.06	
Accounts receivable for sugar sold	138,444.00	
Miscellaneous accounts and bills receivable	109,345.16	
Raw sugar on hand, less reserve for expenses of shipping, selling, etc.	1,709,205.58	
Molasses on hand, at net contract sale price	187,782.54	
Cash in banks and on hand	2,591,614.48	
		7,038,893.31
Other Assets:		
Cash deposited as security under bond issued for an equal amount	$30,000.00	
Cash deposited in escrow in connection with certain proposed additional income tax assessments which are being protested	43,486.97	
Amount recoverable from the Treasurer of Puerto Rico with respect to prior years' income taxes	22,766.72	
		96,253.69
Deferred Charges to Profit and Loss:		
Prepaid insurance, taxes, rent etc.		105,700.90
		$14,932,803.47

LIABILITIES

Capital Stock:			
Preferred:			
Authorized but not issued—15,000 shares of $100.00 each			
Common:			
Authorized—700,000 shares of $20.00 each			
Issued —323,890 shares of $20.00 each			$6,477,800.00
Capital Stock of Associated Organization in Hands of the Public (Par Value)			1,000.00
Mortgage Payable (Less Amount Shown Belcw as a Current Liability) Maturing in 1947			29,722.22
Current Liabilities:			
Planters' accounts		$44,745.55	
Accounts payable and sundry accruals		515,373.86	
Mortgage installment maturing within one year		29,722.22	
			589,841.63
Reserve for Contingencies			230,498.46
Surplus:			
Earned Surplus:			
Balance, August 1, 1940		$6,967,531.94	
Add—Profit for the year ended July 31, 1941 before providing for income taxes (per annexed account)		1,082,847.06	
		$8,050,379.00	
Deduct:			
Income taxes for the year ended July 31, 1940, paid during the current year	$115,603.77		
Dividends paid	650,050.00	765,653.77	
		$7,284,725.23	
Capital surplus		319,215.93	
			7,603,941.16
			$14,932,803.47

THE FAJARDO SUGAR COMPANY OF PORTO RICO
And Associated Organizations
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JULY 31, 1941

Sugar and molasses produced	$6,069,019.96	
Compensation from the Federal Government under the Sugar Act of 1937 and the Soil Conservation Program (including $3,272.69 received before July 31, 1941)	498,127.55	
Interest (net)	21,795.62	
Miscellaneous income	119,899.64	
		$6,708,842.77
Less—Expenses of producing, manufacturing, shipping, selling, &c.		5,520,325.42
		$1,188,517.35
Deduct—Provision for depreciation		322,318.97
		$866,198.38
Add—Profit on sugar of prior crop		216,648.68
Net profit for the year, before providing for income taxes		$1,082,847.06

STAGG, MATHER & HOUGH
Public Accountants
141 Broadway
New York City

Telephone
Barclay 7-5580
Cable Address: All Offices
"Lotonkol"

Havana, Cuba
San Juan, P. R.
Newark, N. J.

October 15th, 1941.

To the President and Directors of
The Fajardo Sugar Company of Porto Rico:

We have examined the consolidated balance sheet of The Fajardo Sugar Company of Porto Rico and associated organizations as of July 31, 1941 and the consolidated profit and loss account for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate.

Included in planted and growing cane are areas which remained uncut at the end of the 1941 crop due to governmental restrictions on sugar production. These areas have been carried forward to the 1942 crop at their direct cost only. All raw sugar on hand at the balance sheet date has been sold and shipped subsequently and is carried at realized prices, less a reserve for expenses of shipping, selling, etc.

The Quo Warranto proceedings brought by the Government of Puerto Rico against certain of the companies whose accounts are included in the consolidated statements are still pending in the Supreme Court of Puerto Rico. The Government of Puerto Rico enacted, during the current year, a law setting up a Land Authority with power to take over, with compensation to the owners, lands in excess of 500 acres owned by corporations, associations, partnerships, etc. No proceedings thereunder have been brought against the companies included in the consolidated accounts, and the validity of the act is under attack in the courts by others.

In our opinion, subject to the foregoing and to such adjustments as may be made on final review of the companies' tax matters, the accompanying consolidated balance sheet and related consolidated profit and loss account present fairly the position of The Fajardo Sugar Company of Porto Rico and associated organizations at July 31, 1941 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STAGG, MATHER & HOUGH

NY Savings Bankers At White Sulphur Springs Plan Co-operative Advertising Campaign

A State wide cooperative advertising campaign for New York mutual savings banks was recommended on Oct. 21 at White Sulphur Springs, W. Va., by the Committee on Public Relations of the Savings Banks Association of New York. The campaign will embrace a 20-minute motion picture, advertising in the daily and weekly newspapers in all savings bank areas, as well as a half-hour dramatic radio program built around American family life. It was presented to the convention by a sound slide film prepared by Ruthrauff & Ryan, Advertising Counsel to the Committee. "The objectives of this campaign are three-fold," stated James W. Gray, Chairman of the Public Relations Committee and Secretary of the Rochester Savings Bank. "It is designed to:

"1. Develop a public appreciation of thrift and savings as fundamental to the sound and prosperous way of American life. . . .

"2. Bring about an understanding of mutual savings banking as a vital force in the American economic system. . . .

"3. Give full cooperation and support to the Government in the sale of Defense Stamps and Bonds.

"The Committee's conclusion that an 'all-out' effort to bring about more widespread savings," said Mr. Gray, "seems well sustained by the remarks of the various authorities who have addressed this meeting. New York State leads the nation both in defense contracts awarded and percentage increase in income." He added:

If inflation is to be avoided a substantial portion of this new buying power must be diverted into savings. Your Committee believes that the campaign will play an important part in safeguarding existing deposits against loss through inflation, that it will induce nonsavers to save and present savers to save more, and that it will contribute materially to the purchase of Defense Bonds and Stamps. With the full force of the Treasury behind savings, the additional effect of this campaign should be particularly forceful.

The statement was also made at the Association's Annual Convention at White Sulphur Springs that "this crisis presents the most extraordinary opportunity for savings bank advertising which you will ever see." Harford Powel, Director of Information, Defense Savings Staff, in stating this said:

You have a Government which is striving successfully with manufacturers and merchants to hold prices down. Therefore, people can save. And you are not only traditional custodians of their savings, in your own right. You now are agencies of the Government for the sale of its Defense Savings Bonds. So you can serve every would-saver who calls.

How can we check the present flood of spending for useless luxuries and for all sorts of articles which people think will be off the market soon? Only one force can do this. That force is advertising.

Your campaign, whether you do it cooperatively or individually, cannot be selfish. This is no time for success stories. It is no time to glorify private interests. The threat from abroad is too real. The real threat from within is that we may become too dazed by the fleeting false prosperity of the moment to face and accomplish the task of making this country and its citizens secure.

Herbert S. Colton, legal advisor to the Coordinator of Defense Housing, in addressing the Convention on Oct. 21 discussed defense housing; he said:

Defense housing is merely a specialized aspect of a problem that had concerned many of us for the past 7 or 8 years. That problem is how to produce, on an economic basis, decent living accommodations for the mass of our population, for those families who can afford to pay perhaps $30 to $45 a month.

Of the estimated 525,000 units of defense housing required during the 12 months starting July 1, 1941, 400,000 can probably be built by private enterprise," he added. "Thus, while the volume of residential building from July 1, 1941 to June 30, 1942 will probably equal that for the previous year, the direction of its flow will be changed and concentrated. Areas of defense activity and, consequently of mortgage demand, will not always occur in ready proximity to those institutions whose vaults bulge with funds seeking investment. Savings banks have ready existing machinery in their cooperative institutions to meet this general problem.

"The home building industry will be encouraged to continue to handle the largest possible share of the job," Mr. Colton stated. "We deem it important that normal processes of financing be disturbed as little as is consistent with the stark realities of the situation."

"The financing of the defense program would provide us with quite adequate problems if we were starting from scratch instead of taking off under the initial handicap of a $50,000,000,000 debt and an already heavy tax burden," stated Dr. Montefort Jones, Professor of Finance, University of Pittsburgh, in addressing the Convention. Dr. Jones said:

The staggering sums required for defense must and will be raised but it should be done in such a way as to maintain the Federal credit and prevent, if possible, a serious price inflation. The latter is one of the principal objectives in every consideration of defense financing.

Dr. Jones pointed out that the danger in the present situation arises out of enormous Government expenditures estimated at $24,000,000,000 for the current fiscal year. Inflation in time of war has one of its basic causes in the competition by the Government and consumers for the industrial output. The problem is becoming acute as shortages in basic materials are developing, and price indices are rising steadily. He added that "to counteract these inflationary tendencies regulatory measures relating to priorities and price ceilings have been adopted and will undoubtedly become much more important and effective when the price control bill now pending in Congress is enacted."

Rear Admiral Wat T. Cluverius, United States Navy, retired, and President of the Worcester Polytechnic Institute, also addressed the Convention, as did Brig. Gen. Brehon, Chief of the Construction Division, Office of the Quartermaster General, War Department; John C. Gall, Counsel to the National Association of Manufacturers, etc. Henry Bruere, President of the Bowery Savings Bank of New York, was re-elected President of the New York State Savings Banks Association at the Oct. 22 session of the Convention.

Manufacturers' New Orders Again Decline In September According To Conference Board

For the second consecutive month new orders received by manufacturers declined in September, according to the Division of Industrial Economics of The Conference Board. Shipments, according to the Board, remained at about the same level as in the preceding month, with a decrease in shipments of nondurable goods offsetting a rise in durable goods. As a result of the decline in new orders, says the Board, the backlog of unfilled orders at the end of the month was slightly lower than in August. This is the first drop in the unfilled order index since March, 1940. Inventories continued to show an upward trend. Under date of Oct. 28, the Conference Board further said:

New Orders

Manufacturers' new orders declined 7% in September, bringing the seasonally adjusted index to 231 from a revised figure of 249 in August (1935-1939 equal 100). The index is now at the lowest point since last January. The iron and steel industry led the decline, and substantial decreases were shown by the electrical equipment, paper and textile industries. Smaller declines were reported in the office equipment and metal products industries. New orders for building equipment and housefurnishings increased. In the clothing, machinery and chemical industries there was little change.

Shipments

The Board's index of manufacturers' shipments declined from 202 in July and August to 201 in September. Durable goods shipments on the whole continued to increase, although there were declines in iron and steel nonferrous metals and office equipment. Shipments of nondurable goods as a whole were 5% lower than in August, allowing for seasonal variation, although shipments of chemicals increased. In the clothing and textile industries shipments declined sharply.

Inventories

Manufacturers continue to increase their inventories. The Conference Board index rose 1.7% in September to 151.4 (1935-1939 equal 100). Inventories of both durable and nondurable goods increased over the August level. The combined index showed a greater rise than either durable or nondurable goods because of a substantial rise for companies included in the "miscellaneous group," which is included in neither of the sub-groups.

In the durable goods industries the largest increases were reported by the automotive equipment, electrical equipment and railroad equipment companies. Small declines occurred in the iron and steel, nonferrous metal and housefurnishings industries. The largest increases for nondurable goods were in the boot and shoe and paper industries.

Unfilled Orders

The index of unfilled orders decreased 1%. It was the first decline since March, 1940. Lower orders and increased shipments combined to reduce slightly the backlog of unfilled orders for durable goods, while little change was shown for nondurable goods. The adjusted index declined from a high of 537 in August to 534 at the end of September, but remained 171% above the year-ago figure.

The following table gives The Conference Board's indexes of the value of manufacturers' inventories, shipments, new orders and unfilled orders for September, for the preceding month and for the corresponding month of 1940, together with percentage changes. These indexes, all based on the 1935-1939 monthly average as 100, are adjusted for seasonal change.

INDEXES OF INVENTORIES, SHIPMENTS AND ORDERS—SEPTEMBER, 1941
(1935-1939 = 100)

	Sept., 1941	Aug., 1941 (revised)	Sept. 1940	Percentage change from Aug., '41 to Sept., '41	Percentage change from Sept., '40 to Sept., '41
Inventories	151.4	148.9	122.4	+1.7	+23.7
Durable Goods	167.4	164.7	127.4	+1.6	+31.4
Non-durable Goods	129.5	127.7	116.0	+1.4	+10.8
Shipments	201	202	136	—0.5	+48
Durable Goods	234	231	152	+1	+54
Non-durable Goods	162	170	118	—5	+37
New Orders	231	249	171	—7	+35
Unfilled Orders	534	537	197	—1	+171

UP-TOWN AFTER 3

THE SCREEN

"Dumbo" (Walt Disney), distributed by RKO. Currently showing at the Broadway Theatre, N. Y.

This, the most recent full length animated cartoon to come from the Disney studios, is by far the best of the recent lot. It has none of the weirdness of Fantasia, or the self adulation of Reluctant Dragon. In it's way it's almost as fresh as the famous Snow White and as beautiful as Pinocchio. It's central figure is an elephant, but what an elephant! It's a cute blue-eyed baby pachyderm, a bundle from heaven sent to Mrs. Jumbo who is on the train heading north. He's a soft, lovable flop eared pigmy with a beatific grin which will win your heart. It is these outsize ears that lead first, to as pathetic a scene as you will ever see, and finally to his triumph when he discovers (by imbibing of champagne) they can be used for flying. We thought the sound effects were particularly hilarious; the startled noise made by Casey Jones, Jr., the locomotive, when pushed from behind set us off into howls.

"The Chocolate Soldier" (M-G-M), starring Nelson Eddy and Rise Stevens; with Nigel Bruce, Florence Bates and others. Directed by Roy Del Ruth.

The company found itself with two properties on it's hands, Oscar Straus' **Chocolate Soldier** and Ferenc Molnar's **The Guardsman.** After much head scratching it must have come to the conclusion that if one of the stories was good the combination should be terrific. The result is the current **Chocolate Soldier.** The main plot revolves around a pair of musical comedy actors, newly married. He, dramatically jealous of his wife, disguises himself as a famous Russian singer to put her to the test. In the stage version of **The Guardsman** no one knew if she discovered the masquerade but on the screen there is no question. She knows, but he doesn't know she knows. The score from the **Chocolate Soldier** is as tuneful and delightful as ever but the total result is far from satisfactory. Miss Stevens sings beautifully and acts well. The same can't be said of Nelson Eddy, for while he sings well he is no Alfred Lunt.

"Target for Tonight," an English picture distributed by Warner. It describes an air raid over Germany by the RAF as realistically as we ever want to see. It shows the steps before the raid from a photograph of the scene to be bombed, the preliminary plans, the take off, the arrival over the objective, to the return. You won't find any Clark Gables or Tyrone Powers in the picture. Every performer is an actual RAF member. The scenes over the German territory with ack-ack shells bursting around the planes are terrifyingly realistic.

NEW YORK NIGHT LIFE

The crowds standing under the Wilson sign laughing at the antics of electric squirrels, the bear and the North Wind, all for free. . . . That restaurant under the sign where you can eat as much as you want for only two bits (spaghetti and coffee). . . . Broadway full of soldiers and sailors walking up and down the street. . . . The crowds hanging over the ice skating rink in Rockefeller Plaza . . . shrieks of laughter when somebody sits down—but hard. . . . The big plate glass windows around the rink (**English Cafe** on one side and **Cafe Francais** on the other) behind which people sit, eat, and watch the skaters. The best soup we have ever tasted is served here. And for daquiries that don't come any better try **Olney Inn.** . . . If you want original Italian menus write or drop in at **Ricciardi's**, 132 W. 43d St. . . . and with Halloween (and Thanksgiving) around the corner here's a couple of cider drinks (by courtesy of **Waldorf-Astoria Bar Book**) you might like to try: **Non-alcoholic**— ½ spoon sugar—1 egg—shake well; fill with chilled cider; stir well and serve. . . . **Alcoholic**—(to make 1 quart "Cider Nectar") juice of ½ lemon; 1 spoon sugar; jigger each brandy and sherry; ice; 1 quart cider; mint on top. . . . Recommended reading—**Jerome Weidman's "I'll Never Go There Anymore"** (Simon & Schuster) **Clifton Fadiman's "Reading I've Liked"** (Simon & Schuster). . . . The debs and their swains putting it on at the **Larue on E. 58th St.** . . . the "she's" all dressed up in party dresses waiting for the "he's" to show up. . . . The "he's" in the washroom shaving. All using one razor passing it back and forth while the attendant goes batty wondering if there's a 10c tip in the whole gang. . . . The quiet elegance of the **Barberry Room** with it's newest flower arrangements—pampas grass—gladiodas and something else we forgot the name of. . . . Never knew there were so many people who played gin rummy . . . reminds us of the story **Marty** (Best Foot Forward) **May** tells: He asked a cute chorine if she would like to play some gin rummy and she answered, "Why Marty, I thought you never touched the stuff!" . . . The man arguing with **Benito Collada** and then grabbing one of Collada's toreador capes to illustrate a point, is **Errol Flynn.** And in case you're interested it is the same **Collada** who was a member of the first non-official party to enter the tomb of Tut-Ank-Amen.

Treasury Offers Notes To Meet RFC, CCC Liens

(Continued from First Page)

He [Mr. Morgenthau] said the defense program would require that the Treasury float large securities issues "at least every other month."

"We don't want to go to the market too often," he added, "and one way to prevent confusion would be to have the Treasury the only borrower."

Some interest money also can be saved by the process, Mr. Morgenthau asserted.

"The other agencies have to pay more for their money than the Treasury, and so the agencies could not object if we lent them the money as cheap or cheaper than they could get directly from the public," he said.

Mr. Morgenthau also remarked that the proposal had been discussed with Jesse H. Jones, Federal Loan Administrator, and, he said, "Mr. Jones is sympathetic."

The Treasury notes now offered in exchange for maturing RFC and CCC notes will be dated Nov. 1 and will bear interest from that date at the rate of 1% per annum, payable on a semi-annual basis on March 15 and Sept. 15. They will mature on March 15, 1946, and will not be subject to call for redemption prior to maturity.

There are now outstanding $299,839,000 of ⅞% RFC notes of Series P and $204,241,000 of 1% CCC notes of Series E.

The subscription books for this offering were closed at the end of business Oct. 24.

The text of the Treasury's official circular of Oct. 23 follows:

United States of America 1% Treasury Notes of Series A-1946.

Dated and bearing interest from Nov. 1, 1941. Due March 15, 1946. Interest payable March 15 and Sept. 15.

1941 Department Circular No. 671
Fiscal Service Bureau of the Public Debt
Treasury Department,
Office of the Secretary,
Washington, Oct. 23, 1941.

I. Offering of Notes and Invitation for Tenders

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par from the people of the United States for 1% notes of the United States, designated Treasury Notes of Series A-1946, the offering to be limited to the amount of subscriptions entered as provided in the two next succeeding paragraphs.

2. The Secretary of the Treasury offers to apply the proceeds of payment of Reconstruction Finance Corporation Notes of Series P, maturing Nov. 1, 1941, tendered for payment in accordance with sections III and IV of this circular, to payment for Treasury notes subscribed for hereunder. Tenders of Series P notes for that purpose are invited.

3. The Secretary of the Treasury, on behalf of the Commodity Credit Corporation, offers to purchase on Nov. 1, 1941, at par and accrued interest, Commodity Credit Corporation Notes of Series E, maturing Nov. 15, 1941, to the extent to which the holders thereof subscribe for Treasury notes hereunder. Tenders of Series E notes for that purpose are invited.

II. Description of Notes

1. The notes will be dated Nov. 1, 1941, and will bear interest from that date at the rate of 1% per annum, payable on a semi-annual basis on March 15 and Sept. 15 in each year until the principal amount becomes payable. They will mature March 15, 1946, and will not be subject to call for redemption prior to maturity.

2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

5. Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000. The notes will not be issued in registered form.

6. The notes will be subject to general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and branches and at the Treasury Department, Washington, and should be accompanied by Reconstruction Finance Corporation Notes of Series P tendered for payment, or Commodity Credit Corporation Notes of Series E tendered for purchase, to a par amount equal to the par amount of Treasury Notes of Series A-1946 subscribed for. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for notes allotted hereunder must be made on or before Nov. 1, 1941, or on later allotment, and may be made only through application of the principal proceeds of payment of a like par amount of Reconstruction Finance Corporation Notes of Series P, maturing Nov. 1, 1941, or of Commodity Credit Corporation Notes of Series E, maturing Nov. 15, 1941. Commodity Credit Corporation Notes of Series E tendered for purchase must have coupons dated Nov. 15, 1941, attached, and payment will be made at par and accrued interest to Nov. 1, 1941. Accrued interest from May 15, 1941, to Nov. 1, 1941, on Series E notes ($4.619565 per $1,000) will be paid following acceptance of the notes.

V. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

Henry Morgenthau, Jr.,
Secretary of the Treasury.

Correction

In reporting the formation of Schoellkopf, Hilbert & Co., the "Financial Chronicle" in its issue of Oct. 23rd gave the address of the firm's New York office as 11 Wall Street, the office heretofore maintained by Schoellkopf & Co. The firm will occupy the offices at 120 Broadway in which Hilbert, Condon & Bassett have been located. The new organization, members of the New York Stock Exchange, was formed by Webb Hilbert and members of the firm of Schoellkopf & Co.

Moody's Commodity Index Slightly Higher

Moody's Daily Commodity Index advanced slightly, from 207.1 a week ago to 207.6 this Tuesday. The principal individual changes were the advance in hogs and the decline in wheat.

The movement of the index was as follows:

Tuesday, Oct. 21	207.1
Wednesday, Oct. 22	207.4
Thursday, Oct. 23	208.6
Friday, Oct. 24	208.5
Saturday, Oct. 25	208.3
Monday, Oct. 27	208.0
Tuesday, Oct. 28	207.6
Two weeks ago, Oct. 14	210.7
Month ago, Sept. 27	213.3
Year ago, Oct. 28	164.2
1940 High—Dec. 31	171.8
Low—Aug. 16	149.3
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6

Investment Trusts

(Continued from page 807)

$6.53 on June 30, 1941, according to the quarterly report. An increase of only 5.69% was recorded by the Standard Statistics 90 stock average during the same period, it was reported, while the American Foreign Investing Corporation's index of 50 foreign bonds registered an advance of 10.94%. Total net assets of the company increased from $610,269 on June 30, 1941 to $731,381 on Sept. 30, 1941.

During the first nine months of the year, $26,722 was received by the company in interest and dividends. After expenses of $22,225 net income remaining amounted to $4,496. This was augmented by net realized profits of $11,209.

The company has had the unusual experience of being able to report a successively higher net asset value per share adjusted for dividends paid, at the end of each quarterly period since June 30, 1940. Since the company's funds are invested for the most part in the Latin American obligations, the explanation for this record may be found in the effect of the "Good Neighbor" policy on the credit of our Latin American friends.

The history of the improved Latin American credit relations was discussed in an article by Robert S. Byfield, president of American Foreign Investing Corp. which appeared in the New York Herald Tribune on Sunday, Oct. 12. Mr. Byfield pointed out that the Latin Americas are principally raw material exporters, and the steady rise in commodity prices has brought great prosperity. On top of this, the Export-Import Bank has made large and liberal loans which have the same effect on the international financial position of the borrower as favorable trade balances.

This is an announcement and is not to be construed as an offer to sell or as a solicitation of an offer to buy the securities herein mentioned. The offering is made only by the Prospectus.

$38,000,000

Central Illinois Public Service Company

First Mortgage Bonds, Series A, 3⅜%

Dated October 1, 1941 Due October 1, 1971

Price 107% and accrued interest

The Prospectus may be obtained in any state in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such state.

HALSEY, STUART & CO. INC.

GLORE, FORGAN & CO. A. G. BECKER & CO. INCORPORATED HARRIS, HALL & COMPANY (INCORPORATED)

CENTRAL REPUBLIC COMPANY (INCORPORATED)

BLAIR & CO., INC. LEE HIGGINSON CORPORATION

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October 29, 1941

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Tomorrow's Markets Walter Whyte Says—

(Continued from page 803)

for the exiting business news, news that in the past was sufficient to get this market of ours to cutting rugs like a high school jitterbug. The same kind of news today makes the market act like it was trudging along behind a Chopin funeral dirge.

* * *

News of larger nature came from three diferent sources. John L. Lewis' throwing his weight around; the President's implied declaration of war against Hitler, and the seriousness of the Russian-German conflict. What the effect of the first two will be, I don't know. I know what I would like it to be, but that's something else entirely.

* * *

So far as the war is concerned the British Cabinet is still busy explaining to it's nationals (and the world at large) why any military diversion by them is impossible. They quote all sorts of figures to prove it, implying that it is up to us to do something about it. I have read a great many of the ponderous statements attributed to the British General Staff. I am at times even tempted to believe them if I weren't constantly reminded of the ineptness of the brass hats that make up that august body. For it is the same collection of fuddy-duddies that managed things so well that it's only claim to victory is the retreat from Dunkirk. Even in Africa they have a beseiged garrison at Tobruk they haven't been able to help for almost a year.

* * *

I don't know why I sounded off as I did but having done it I feel a little better. Now to get back to the market.

* * *

Since the previous column appeared the market has continued to say nothing. It pays a little more attention to bad news than it does to good news but seldom does the effect of either kind of news carry over into subsequent days. On October 16th prices broke down to a new low on the move. Two days later, Saturday, October 18th, they rallied back about two points. (Incidentally I seldom trust Saturday rallies.) By October 23rd prices sagged down again and a number of stocks broke their October 18th lows. But if individual issues broke through the stock averages (computed on closes) did not. This brings up the possibility that the two lows—October 18th and October 23rd—may well represent a bottom for the decline. There are two things to watch for to see if this condition is merely another possibility or is more tangible. If the market continues moving sidewise as it is doing, with more bad dividend news affecting only individual issues that will be one good sign. If certain stocks creep up in the face of uncertain or downright bad news, that will be another good indication. But in any case the lows of the dates mentioned above have to hold.

* * *

If, on the other hand, prices now rally to say the highs of October 22nd, on little volume the danger of another break will become real.

Summing up: A continuation of present dullness with stocks keeping themselves above recent lows is bullish; a sharp rally to recent highs on small volume is bearish.

* * *

I'm trying to be coldly scientific about the whole thing (if trading technic can be scientific) because deep down I'd rather see a rally, on big volume, small volume, or no volume at all, and take my chances that I've been wrong. For I'd rather the market went up and proved me wrong than have it go down and make me a hero. So much for that.

* * *

Meanwhile you are still holding a few stocks and if while they're not setting the tape afire they're still acting well enough to hold. However, they too have "stops" and if you want to be one of those he-who-fights-and-runs-away-lives-to-fight-another-day guys you'd better not consider them too lightly.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

WHISPERINGS

A man we know who tries to make ends meet in the security business has a wife with a penchant for what she calls antiques, a condition that not only raises hob with the family budget but leads to many a marital quarrel. One evening he came home and his wife greeted him excitedly and told him about a chair she had picked up "for a song." Resigned, he looked at it. It was an overstuffed montrosity of the Victorian period and looked as if it's former owners had been pachyderms. The springs had sagged in the center and at least one coil was peeping slyly through the ragged upholstery. "Isn't it a perfect gem?" she asked. "Now if I had it's mate I know just how I would re-upholster them. They'd be perfect for the library." Early next morning, while his wife was still asleep, the security dealer called in a traveling junkman, paid him a dollar and had him take the relic away. That same evening, coming home tired, his wife met him again with a gleam in her eye. A gleam he came to know as coming from a "surprise" acquisition. "Guess what?" she greeted. The man didn't know "That chair," she said barely able to contain herself, "the one we have in the attic; the one I bought the other day. Well, today I ran into a junkman with the mate—but the identical thing—and I bought it. Now we have the pair. Aren't you glad?"

"A prophet is without honor in his own circle" mourns **Ken (J. H. Brooks) Dietz** sorrowfully if inaccurately. "Here it has been months that I've been telling my people to get out of American Tobacco—the dividend would be cut—and what do you think happens? Dutifully we answered "what?" . . . "I'll tell you what," says Ken dolefully. "They said if Tobacco cuts its dividend we'll buy more." That, we hastened to point out, is nothing to cry about. On the contrary. He now has orders which is more than can be said for many people. "Sure! I got orders!" explained Ken sarcastically, "but they're orders for quotes—not stocks!"

Recommended Reading: "Our Seething Labor Front" in "Background," published monthly by Lord, Abbett. . . ." Federal Taxes" in Merrill Lynch, P. F. & B. midmonth letter. . . . Robert Ingersoll's "Report on Russia" in newspaper "PM."

Here's a couple of "week-end" stories we picked up and thought you might like to know about: A security salesman was invited to spend the week-end at a client's home to discuss purchases. One evening before coming down to dinner he stepped into the bathroom to wash. Imagine his horror when he saw his hostess taking a bath. Mumbling apologies he hurriedly backed out Later that evening he explained his intrusion to his host who apparently didn't pay any attention So he tried explaining again. "It's all right," assured his host. "I heard you the first time—Skinny thing isn't she?" . . . Here's another one: A dealer coming into New York from Greenwich one Monday morning heard a fellow passenger say to a man who was seeing him off, "Goodby, old chap. I had a wonderful weekend. I certainly enjoyed your wife's kisses—they were wonderful." When the train got under way the dealer couldn't wait to ask the fellow how he could be so brazen. "Didn't I hear you say," asked the dealer, "that you enjoyed his wife's kisses?" . . . "Why yes. I guess you did," the passenger answered calmly. "He's such a nice fellow I didn't want to hurt his feelings. You see, I didn't actually enjoy them at all!"

Fire insurance companies are the big buyers of American Tobacco B. . . . Parrish & Co. are picking up Westinghouse Electric. . . . And Goodbody & Co. thinks cottonseed oil (May futures) around 12c are attractive but expects wheat to be lower in near term.

One evening one of those radio male Beatrice Fairfaxes, the kind that solve the problems of all mankind, had a man before him. "I'm a salesman," explained the speaker. "One night I came home late and couldn't get into my house. So I put a ladder against my living room window and climbed up. When I got there I saw my wife with another man. When he saw me he came over and told me to go away. I noticed he was wearing a policeman's coat. I knocked again. He came over opened the window and said if I didn't get away he'd make trouble for me. Now what I want to know is can he make trouble for me?"

Our Reporter's Report

(Continued from First Page)

be necessary under the new order of competitive bidding in the utility field.

Bankers feel that if the market developed a sizable run of new issues it would aid immeasurably in smoking out the insurance companies among other things.

Conversely, they hold, there is nothing much that can be done under present circumstances to shape the course of things since currently deals are too isolated to force a continuous survey of the situation.

Central Illinois Public Service

Dealers reported a good and well-diversified demand for the $38,000,000 of Central Illinois Public Service Company 30-year 3¾% bonds which came to market yesterday.

Priced at 107 the issue was reported moving out in lively manner with insurance companies in New England and the Middle West taking down sizable subscriptions.

That there is no real cleavage in the ranks of investment bankers, notwithstanding differences of opinion with regard to competitive bidding, was evident in the circumstances surrounding the marketing of this issue.

Firms which were identified with the unsuccessful syndicate, quickly went to work in the ranks with the winning group to aid in its marketing.

Securities Act Hearings Begin

With the opening of hearings on proposed amendments to the Securities Act before the House Interstate and Foreign Commerce Committee it became evident that the Securities and Exchange Commission is determined to fight to the last ditch against any major revisions.

Commissioner Ganson Purcell made that clear on Tuesday when the hearings opened, and again yesterday when, among other things, he quickly objected to a suggestion by Representative Cole (D., Md.), that the Commission be enlarged in view of its enormous task.

The hearings up to last evening were quite heated in spots with Commissioner Purcell and Representative Wadsworth of New York putting on several exchanges which even got into the Public Utility Holding Company Act.

Its A Sellers' Market

The response which greeted the Central Illinois Power offering served to convince observers that the market is still strongly a "sellers' affair."

On the basis of rating the issue was considered as priced quite fully even in prevailing circumstances. But the point was made that the supply of new issues has been scant for many months.

The issue, it was contended, was priced to the "money market" and with scarcity the rule buyers are inclined to welcome a chance to participate in a new offering.

Westinghouse Electric

Success of its stock financing through an offering of new common stock in the amount of 534,000 shares to preferred and common stockholders on a "rights" basis will be followed shortly by an offering of $20,000,000 of Westinghouse Electric & Manufacturing Company debentures.

Stockholders approved the proposed debenture financing yesterday when they authorized a new issue of $50,000,000. The management, however, disclosed that for the present it intends to issue only the smaller amount.

The stock financing was a marked success, shareholders subscribing for all but about 6% of the total offered.

B. & O. Notes Look Good

The 4% secured notes, due Aug. 1, 1944, of the Baltimore & Ohio Railroad Company, offer an interesting situation according to a detailed memorandum issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. There are several considerations contributing to the belief that these notes will be taken care of at maturity, the memorandum states; the growing scarcity of short-term rails still selling at substantial discounts and previous successes with similar situations may in themselves over the near future bring about more widespread interest in and rising prices for these notes, which seem to have been neglected by investors in the search for profit opportunities among short-term rails until just recently. The memorandum contains a statistical summary of earnings, financial position, and collateral, and discusses the sinking fund, the plan for Modification of Interest Charges and Maturities, and the effect of RFC loans and possible wage increases.

Copies of the memorandum may be obtained from G. A. Saxton & Co. upon request.

Erie RR. Interesting

Joseph Walker & Sons, 120 Broadway, New York City, members New York Stock Exchange, have prepared an analysis of the Erie Railroad Company and the securities to be issued under the Plan of Reorganization, which discusses the effect of the reorganization on the road and its securities. Copies of the analysis may be had from Joseph Walker & Sons upon request.

The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

Salesman Buys Theatre Tickets And Opens Large Account

This is a true story. It is a story of how a tenacious salesman finally got a break. We don't approve of subterfuge, but since "life's a funny proposition," there are times when the end justifies the means.

There was a certain investor whose office was usually full of waiting bond salesmen. He was one of the "prize prospects" on practically every salesmanger's list of most of the leading Dealers in his community. He knew securities and his main interest in life was investing his money. His statistical library was the equal of most smaller investment houses, and his attitude toward bond salesmen was at times even overbearing.

He gave business to a few selected securities men. The others continued to call. Many times they warmed their heels in his outer office for hours on end, hoping against hope that they might some day get an order. Among this group of hopefuls, one bright afternoon, sat a certain salesman. He had called many times before. Sometimes he called in the morning, he tried the evening, and once he tried button-holing "Mr. Hard-to-Sell" as he went out to lunch. But he was unsuccessful.

He was almost ready to give up the ghost. As he once again sat in the outer office with several more impatient callers, he heard "Mr. Hard-to-Sell" grumbling to someone at his desk. The door was open and our bond salesman picked up his ears. "Why is it no one around here attends to these things," went on the voice from inside. "A week ago I told my secretary to get those four orchestra seats for this show tonight." I've promised my wife that we'd take some friends and now at the last moment, I find out that we can't get the tickets." And the raving continued in this vein.

Hat in hand our bond salesman entered the open door into the sanctum-sanctorum. Excusing himself he stated that he could not help but hear the conversation and if allowed, he was certain he could be of assistance. Surprised, Mr. Prospect asked what he could do. It was only a few hours until curtain time and the show was sold out. Undaunted, our salesman told him that he would like to try and get tickets at regular box office prices—that he had excellent theatrical connections and believed he could do the impossible. Of course, this was agreeable. Within an hour the salesman was back with four orchestra tickets. The reception he received was all that you can imagine. The tickets were marked four dollars and ten cents apiece and this is what he collected from his now grateful, and no longer hard to see, prospect. Those tickets actually cost him over six dollars apiece, he had walked one end of Broadway to another trying to get the best buy from the agencies—the difference be put up out of his own pocket. This is what he meant when he said he had friends in show business.

The next time he called at this office he didn't have to wait for hours. He was ushered right in. He sold this client many blocks of bonds thereafter. He also received many phone calls at his office for theatre tickets. His connections never failed him nor did his client ever fail to tell his friends of his wonderful connections in show business. Of course, the securities business he received from this account more than repaid the salesman for the extras he paid for the theatre tickets that were always turned over at box office rates.

The moral of this story is that you can't do business with anyone until you first obtain their confidence. Some people have a liking for theatre tickets, some for a story, some for this or that, but they all have a real soft spot somewhere that interests them to a greater degree than all else. Find out what this is, search for it, grope for it, do this in every interview until you find it—then dwell upon it—show your interest — you'll get a basis for confidence and even friendship. Then when you know you've got that spark which is always evident between two people who begin to like each other—then and then only—offer your specific security and make your sales talk — then you'll get that order.

Maintain confidence by selling your client the proper securities. Get the right list of people to call on, keep doing this day after day. That is all there is to selling securities. That, and a whole lot of reading, study, knowledge, and plenty of patience and wrap it all up and you get the real answer—just WORK.

Discontinues Interest

The Pennsylvania Co. for Insurances on Lives and Granting Annuities, Philadelphia, announced on Oct. 19 that effective Jan. 1 all interest will be discontinued on savings accounts. The announcement says:

> We take this action because of prevailing investment conditions.
>
> It is suggested that many depositors may wish to invest the proceeds of their savings accounts in United States Defense Bonds. The interest on these bonds is greater than is now paid by us on savings accounts. The bonds may be purchased by individuals, firms or estates, but not by banks. We gladly offer our facilities to enable you to convert any part of your savings into defense bonds and thus make a personal and direct contribution to the Nation's preparedness effort.
>
> Other than the discontinuance of interest, our savings fund facilities will be available as heretofore.

Hearing Ordered

CHICAGO, ILL. — The investment firm of Haskell, Scott & Jennings, Inc., 120 South La Salle Street, has been ordered to appear before a State hearing on Nov. 3rd at Springfield, Ill. on charges of illegal practices filed by the State Securities Commission, and on Nov. 7th before the regional office of the Securities and Exchange Commission on similar charges.

The firm is alleged to have conducted business while insolvent, to have misrepresented its condition to the Secretary of State, to have failed to keep proper accounts, and to have engaged in fraudulent transactions.

The Securities and Exchange Commission will charge at its hearing that the company is insolvent, has borrowed on customers' securities without their consent, and has committed other irregularities.

David H. Jennings, President and Treasurer of the firm, stated that he had not been served with the show cause orders and does not know what charges have been made, but that SEC investigators had probed the company's records for several months.

This announcement is under no circumstances to be construed as an offer of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the prospectus which, however, does not constitute an offer by any underwriter to sell securities in any state to any person to whom it is unlawful for such underwriter to make such offer in such state.

Black Hills Power and Light Company

$2,000,000 First Mortgage Bonds, Series A, 3½%*
Due September 1, 1971

8,500 Shares 5% Cumulative Preferred Stock
Par Value $100 per share

100,000 Shares Common Stock
Par Value $1 per share

*No public offering of the Bonds is being made. Subject to certain terms and conditions, Dillon, Read & Co. has agreed to purchase the Bonds from the Company and to sell the Bonds to an institutional purchaser.

Prices:
$100 per share for the Preferred Stock
$16.50 per share for the Common Stock
plus, as to the Preferred Stock, accrued dividends from September 1, 1941 to the date of delivery

Copies of the prospectus may be obtained from such of the undersigned (who are among the underwriters named in the prospectus) as may legally offer these securities under applicable securities laws.

Dillon, Read & Co.

E. H. Rollins & Sons Incorporated — **A. C. Allyn and Company** Incorporated

October 29, 1941

Sees Drop In Consumer Credit Financing Removing Need To Tighten Reserve Regulation

Preliminary statistics showing a drop of at least 25% in consumer credit loans by banks for instalment financing of durable goods indicate that no further contraction in terms for these loans should be ordered by the Federal Reserve Board under Regulation W at this time, it was asserted on Oct. 23 by Walter B. French, Deputy Manager of the American Bankers Association, in an address before a statewide consumer credit conference held by Ohio banks at Columbus. Figures submitted by 200 banks in all parts of the country to the ABA's Consumer Credit Department, Mr. French declared, "indicate that the reduction for the month of September compared with the previous September last year is substantial—about 25% of the total volume, and more, for instalment financing of durable goods. Mr. French further said in part:

> These figures may be inadequate, but all the indices we have available point to a substantial reduction — enough so that no further contraction should be made in terms permitted under Regulation W until sufficient time has elapsed to gauge accurately how far present regulations have affected volume.
>
> While it is recognized that in times of national emergency many sacrifices are necessary for the common good, we believe it is important that no regulations be issued that would work an undue hardship on either lender or borrower. Instalment lending is now a definite part of our economy and hundreds of thousands of consumers have become accustomed to using some form of consumer credit periodically to supply their needs in goods and services.
>
> Too great a contraction at any time would operate primarily against those of small income. The regulations issued thus far by the Federal Reserve Board appear to be fair and should result in no undue hardship to either borrowers or lenders, and yet, in the light of current terms, the regulations do represent definite curtailment.
>
> An erroneous impression is prevalent in some sections of the country that should be corrected. Many bankers report that the people in their communities are of the opinion that Regulation W eliminates instalment credit; others are hesitant about asking for needed financial relief because they think it is unpatriotic. No one need suffer because of the requirements of Regulation W. Its provisions are now such that the credit needs of the average consumer can be well taken care of.

Railroad Securities

(Continued from page 805)

ductions realized in fixed charges from the peak of the last decade to the indicated current level. The difference between columns (1) and (2) represents the net decline in earnings power. As measured in results per common share this is shown in column (3). The results do not seem too discouraging. In no case does the net result amount to as much as $2.00 a share, and for six of the thirteen companies covered the net cost would be less than $1.00. Of these six two, Great Northern and "Nickel Plate," have actually reduced charges more than enough to offset a wage increase of 10%.

	*†Estimated 10% Wage Increase	*Reduction in Fixed Charges	Net Reduction in Common Share Earning Power
Atchison, Topeka & Santa Fe	$5,324	$1,236	$1.68
Atlantic Coast Line	1,664	520	1.39
Chesapeake & Ohio	3,106	2,844	0.03
Great Northern	2,607	5,752	a
Illinois Central	3,513	1,818	1.25
Louisville & Nashville	2,996	1,758	1.06
New York Central	12,171	9.109	0.47
New York, Chicago & St. Louis	1,323	1,450	a
Northern Pacific	2,254	700	0.63
Pennsylvania	13,931	4,907	0.69
Southern Pacific	7,129	b1,948	1.37
Southern Railway	3,249	1,373	1.45
Union Pacific	4,669	1,286	1.52

*In thousands.
†Net estimate, after allowing for the saving in taxes.
aReduction in charges greater than 10% wage increase.
bDoes not include reduction or elimination of drain of losses of subsidiaries which would offset large part of wage increase.

Calendar of New Security Flotations

OFFERINGS

BENEFICIAL INDUSTRIAL LOAN CORP.

Beneficial Industrial Loan Corp. registered with SEC 10,000,000 Fifteen-Year 2¾% Debentures, due Oct. 1, 1956

Address—1300 Market St., Wilmington, Del.

Business — A holding company, subsidiaries of which are engaged in the personal finance business, and the acceptance business, and activities related thereto

Underwriters, and amount of the debentures respectively underwritten by each, are as follows (all of New York City, unless otherwise indicated):

Eastman, Dillon & Co.	$2,805,000
Smith, Barney & Co.	2,175,000
Blair & Co., Inc.	800,000
Kidder, Peabody & Co.	800,000
E. H. Rollins & Sons, Inc.	600,000
Ladenburg, Thalmann & Co.	475,000
Riter & Co.	425,000
Alex. Brown & Sons, Baltimore	375,000
Hayden, Stone & Co.	375,000
Hemphill, Noyes & Co.	375,000
Merrill Lynch, Pierce, Fenner & Beane	375,000
Dean Witter & Co., S. Fran.	325,000
Jackson & Curtis, Boston	275,000
Hornblower & Weeks	225,000
Whiting, Weeks & Stubbs, Inc., Boston	175,000
Putnam & Co., Hartford, Conn.	140,000
Piper, Jaffray & Hopwood, Minn.	140,000
Rogers & Tracy, Inc., Chicago	140,000

Offering—The Debentures will be offered to the public, at a price to be supplied by amendment

Proceeds—Will be used to reduce outstanding bank loans and commercial paper

Registration Statement No. 2-4862. Form A2. (10-17-41)

Effective 4:45 P.M., E.S.T. on Oct. 27, 1941.

Offered—Oct. 28, 1941 at 100 and int.

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

Offered—Pref. and com. stocks, Oct. 29, the Pref. at 100 per sh. and the com. at $16.50 per share.

CENTRAL ILLINOIS PUBLIC SERVICE CO.

Central Illinois Public Service Co. registered with the SEC $38,000,000 of first mortgage bonds, Series A, 3⅜%, due Oct. 1, 1971.

Address—607 E. Adams St., Springfield, Ill.

Business—This operating company, a subsidiary of Middle West Corp., is engaged principally in generating, purchasing, distributing and selling electricity in central and southern Illinois. Also, provides gas, ice, water and steam heat service.

Underwriters and Offering—The bonds are to be sold by company under the competitive bidding rule under SEC's Public Utility Holding Company Act of 1935. Names of underwriters, and public offering price, will be supplied by amendment to registration statement.

Proceeds—Proceeds from sale of the bonds, together with other funds of company, are to be applied to redemption, on or about 30 days after delivery of the new bonds, of the outstanding $38,000,000 of first mortgage Series A 3¾% bonds, due Dec. 1, 1968, to be redeemed at 105¾ and accrued interest.

Registration Statement No. 2-4856. Form A2. (10-8-41)

Effective—4:45 P.M., E.S.T., on Oct. 16, 1941.

Bids—Will be received by the company for the purchase from it of $38,000,000 bonds. Proposals will be opened by the company at room 2158, 20 N. Wacker Drive, Chicago, at 12 noon (C.S.T.), Oct. 27.

Offered—Oct. 29 at 107 and int., by Halsey Stuart & Co., Inc. and associates.

LOUISVILLE GAS & ELECTRIC CO. (Ky.)

Louisville Gas & Electric Co. has registered with SEC 150,000 shares common stock, no par value.

Address—311 W. Chestnut St., Louisville, Ky.

Business—This operating utility subsidiary of Standard Gas & Electric Co. is engaged principally in the electric and gas business in Louisville, Ky., and vicinity.

Underwriters—To be named by amendment.

Offering—The 150,000 shares to be offered to the public, at price to be supplied by amendment.

Proceeds—Will be used to reimburse in part company's treasury for funds expended for construction (approximately $7,000,000), none of which heretofore has been used by company as basis for issuance of stock or long-term debt. Remaining amount needed, for this undertaking will be obtained from sale of additional common stock; of the amount so needed, company has temporarily obtained $3,150,000 by bank loans.

Registration Statement No. 2-4848, Form A-2. (9-24-41).

Effective 4:45 P.M., E.S.T. on Oct. 23, 1941.

Offered by the Company through its own local organization. Not underwritten.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

Westinghouse Electric & Manufacturing Co. registered with SEC 534,426 shares common stock, $50 par value, and Subscription Warrants evidencing rights in respect of such shares.

Address—306 Fourth Ave., Pittsburgh, Pa.

Business—Engaged, together with its subsidiaries, in manufacture and sale of machinery, apparatus and appliances for generation, transmission, utilization and control of electricity and in manufacture and sale of steam turbines and associated equipment.

Offering—The 534,426 shares will first be offered to outstanding preferred and common stockholders of company of record Oct. 15, 1941, for subscription at rate of one-fifth of a share for each share of preferred and common stock so held, at a price to be supplied by amendment. Rights expire Oct. 28, 1941.

Underwriters—Unsubscribed portion of such 534,426 shares are to be purchased by underwriters, at a price to be supplied by amendment. Underwriters may or may not, as they may determine, make one or more public or other offerings of such unsubscribed stock. All offerings of unsubscribed stock is to be made by the underwriters either at the market price then prevailing (NYSE), or at such other prices as Kuhn, Loeb & Co., representative of the underwriters, may determine. Underwriters, numbering 119, are as follows:

Kuhn, Loeb & Co., A. C. Allyn & Co., J. S. Bache & Co., Bacon, Whipple & Co., Baker, Watts & Co., Baker, Weeks & Harden, Banc Ohio Securities Co., Bear, Stearns & Co., A. G. Becker & Co., Biddle, Whelen & Co., Blair & Co., Inc., Blair, Bonner & Co., Blyth & Co., Inc., Bonbright & Co., Alex. Brown & Sons, H. M. Byllesby & Co., Inc.

Central Republic Co., Inc., Clark, Dodge & Co., E. W. Clark & Co., Courts & Co., Curtiss, House & Co., Paul H. Davis & Co., Dick & Merle-Smith, Dominick & Dominick, Drexel & Co., Eastman, Dillon & Co., Elkins, Morris & Co., Emanuel & Co., Eastbrook & Co., Equitable Securities Corp.

Farwell, Chapman & Co., Field, Richards & Co., The First Boston Corp., The First Cleveland Corp., First of Michigan Corp., Robert Garrett & Sons, Glore, Forgan & Co., Glover & MacGregor, Inc., Goldman, Sachs & Co., Graham, Parsons & Co., Grubbs, Scott & Co.

Hallgarten & Co., Harriman, Ripley & Co., Inc., Harris, Hall & Co. (Inc.), Hawley, Shepard & Co., Hayden, Miller & Co., Hayden, Stone & Co., Hemphill, Noyes & Co., J. J. B. Hilliard & Son, Hornblower & Weeks, W. E. Hutton & Co., The Illinois Co. of Chicago, Jackson & Curtis, Janney & Co.

Kalman & Co., Kean, Taylor & Co., Kidder, Peabody & Co., Knight, Dickinson & Co., Ladenburg, Thalmann & Co., Laird & Co., Laird, Bissell & Meeds, W. W. Lanahan & Co., W. C. Langley & Co., Lazard Freres & Co., Lee, Higginson Corp., Lehman Brothers, Adolph Lewisohn & Sons, Carl M. Loeb, Rhoades & Co.

Mackubin, Legg & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., A. E. Masten & Co., McDonald-Coolidge & Co., Mellon Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Merrill, Turben & Co., The Milwaukee Co., Mitchum, Tully & Co., Moore, Leonard & Lynch, F. S. Moseley & Co., Maynard H. Murch & Co., G. M.-P. Murphy & Co., W. H. Newbold's Son & Co., Newhard, Cook & Co., Paine, Webber & Co., Arthur Perry & Co., R. W. Pressprich & Co., Putnam & Co.

Reinholdt & Gardner, Riter & Co., The Robinson-Humphrey Co., E. H. Rollins & Sons Inc., L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., Schroder Rockefeller & Co., Inc., Schwabacher & Co., Scott & Stringfellow, Shields & Co., Singer, Deane & Scribner, Smith, Barney & Co., Smith, Moore & Co., William R. Staats Co., Starkweather & Co., Stein Bros. & Boyce, Stern Brothers & Co., Stern, Wampler & Co., Inc., Stone & Webster & Blodget, Inc., Stroud & Co., Inc., Swiss American Corp., Spencer Trask & Co.

Tucker, Anthony & Co., Union Securities Corp., G. H. Walker & Co., Wells-Dickey Co., Wertheim & Co., White, Weld & Co., Whiting, Weeks & Stubbs, Inc., Dean Witter & Co., Yarnall & Co.

Proceeds—For payment outstanding bank loans, construction of plant additions, purchase of additional equipment, and for working capital.

Registration Statement No. 2-4849. Form A-2. (9-25-41).

Subscription price of the 534,426 shares common stock, $50 par value, to be offered first to stockholders of record Oct. 15, 1941, at rate of one-fifth of a share of common for each share of preferred or common stock so held, is fixed at $70 per share. Subscription offer expires Oct. 28, 1941 at 3 P.M., E.S.T. Unsubscribed portion of such shares to be purchased by underwriters, and offered to public, at price to be supplied by later amendment.

It is understood that over 95% of the shares were taken by stock holders.

Effective—3 P.M., E.S.T., Oct. 14, 1941.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, OCT. 30

CROCKER MC ELWAIN CO.

The Voting Trustees of Crocker McElwain Co. registered with the SEC voting trust certificates, to be issued in exchange for a like number of shares of 1,664 shares of 7% preferred stock, $100 par, and 15,000 shares of common stock, $100 par.

The voting trust certificates provide that the voting trust shall continue in effect until Sept. 2, 1944, unless terminated earlier. Unless terminated according to its terms, the voting trust will continue until Sept. 2, 1947.

Voting trustees are Elmer C. Tucker, Ralph H. Morrill, and Joseph K. Holmes.

Address—642 Main St., Holyoke, Mass.

Business—Company is engaged in manufacture and sale of paper, with its mill located in Holyoke, Mass.

Registration Statement No. 2-4858. Form F-1. (10-11-41).

MONDAY, NOV. 3

EATON & HOWARD BALANCED FUND

Eaton & Howard Balanced Fund registered with SEC 500,000 Trust Shares

Address—25 Federal St., Boston, Mass.

Business—Investment Trust

Offering—The shares will be offered to the public, at the market

Underwriters—Eaton & Howard, Inc., Boston

Proceeds—For investment

Registration Statement No. 2-4860. Form A2 (10-15-41)

PACIFIC GAS & ELECTRIC CO.

Pacific Gas & Electric Co. registered with SEC 175,000 shares 5% Cumulative First Preferred Stock, $25 par

Address—245 Market St., San Francisco, Cal.

Business—Company is an operating public utility company engaged, principally, in business of generating, purchasing, distributing and selling electricity and natural gas throughout a large part of northern and central California

Underwriter—Blyth & Co., Inc., San Francisco, Cal.

Offering—The shares will be offered to the public, at a price to be supplied by emendment to registration statement

Proceeds—Will be used to pay at or before maturity company's outstanding First & Refunding Mortgage Series B 6s, due Dec. 1, 1941

Registration Statement No. 2-4861. Form A-2. (10-15-41 San Francisco, Cal.)

WEDNESDAY, NOV. 5

PHILADELPHIA ELECTRIC CO.

Philadelphia Electric Co. registered with SEC $20,000,000 of First and Refunding Mortgage 2¾% bonds, due Dec. 1, 1971

Address—1000 Chestnut St., Philadelphia, Pa.

Business—This subsidiary in the United Gas Improvement Co. holding company system, is engaged primarily in production, purchase, transmission, distribution and sale of electricity and gas in southeastern Pennsylvania, including Philadelphia and vicinity

Underwriting and Offering—The bonds will be sold under the competitive bidding rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters, and price to public, will be supplied by later amendment

Proceeds—$20,000,000 of the net proceeds from sale of the bonds will be applied to pay company's presently outstanding $20,000,000 of 1½% promissory notes payable to banks. Remainder of net proceeds will be used to reimburse, in part, company's treasury for additions, extensions, batterments and improvements to its plants and property

Registration Statement No. 2-4863. Form A2. (10-17-41)

SUNDAY, NOV. 9

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

TUESDAY, NOV. 11

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Uniflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

WEDNESDAY, NOV. 12

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3¾% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public, the bonds at 106½, and the preferred stock at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

THURSDAY, NOV. 13

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

Effective but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Calendar of New Security Flotations

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

BRIDGEPORT BRASS CO.

Bridgeport Brass Co. registered with SEC 25,486 shares cumulative convertible preferred stock; $100 par; and indeterminate number of shares of no par common stock (including scrip certificates for fractions of shares), such common stock to be reserved for issuance upon conversion of the convertible preferred stock. Dividend rate of the preferred stock will be supplied by amendment.

Address—30 Grand St., Bridgeport, Conn.

Business—Company purchases and processes copper, zinc and other non-ferrous metals and manufactures and markets brass and other non-ferrous metal alloys in various forms.

Offering—The preferred stock will be first offered to holders of company's common stock of record Oct. 24, 1941 (or, in certain circumstances, at a later date on or before Oct. 28, 1941) for subscription on the basis of one share of preferred stock for each 37 shares of common stock held. Subscription price will be supplied by amendment. The subscription offer expires approximately Nov. 5, 1941.

Underwriting—Any shares of preferred stock not subscribed to under above subscription offer, will be purchased by underwriters and sold to public, at price to be supplied by amendment. Names of underwriters, and the percentages of such unsubscribed stock to be purchased by each, are as follows (all of New York, N. Y., unless otherwise indicated):

	% of Unsub. Pfd. Stk. to be Purchased
G. M.-P. Murphy & Co.	21.525
Stone & Webster and Blodget, Inc.	15.695
Union Securities Corp.	12.752
W. E. Hutton & Co.	10.790
Hornblower & Weeks	9.809
Hemphill, Noyes & Co.	7.847
Kidder, Peabody & Co.	5.886
Spencer, Trask & Co.	5.886
Bosworth, Chanute, Loughridge & Co., Denver	3.924
Reynolds & Co.	3.924
Auchincloss, Parker & Redpath, Wash., D. C.	1.962

Proceeds—Proceeds, plus other funds of company, will be applied to payment of outstanding $2,874,000 3% notes of company, requiring $2,917,110.

Registration Statement No. 2-4857. Form A-2. (10-10-41).

Effective 3 P.M., E.S.T. on Oct. 21, 1941.

Amendment—Filed disclosing that preferred stock will bear dividends at the rate of 5½% per annum and that the shares will be first offered to common stockholders of record Oct. 24, 1941, for subscription at $105 per share, at the rate of one share of the preferred stock for each 37 shares of common stock held. Subscription offer will expire on Nov. 5, 1941. Unsubscribed shares will be offered to the public at a price of $105 per share by underwriters, who will receive a commission from the company of $2 per share on all of the 25,486 shares of preferred stock plus an additional $2 per share on all of such shares actually purchased by them

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $26,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-26-41)

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.65 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-31-41)

Effective—4:45 P.M., E.S.T., April 9 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅛ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

MOORE-McCORMACK LINES, INC.

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 2[illegible] shares of common, $1 par

Address—5 Broadway, New York City

Business—Operation of vessels in South American trade

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and, directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

Proceeds—None of the proceeds will be received by the company

Registration Statement No. 2-4715. Form A-2 (3-29-41)

MUTUAL TELEPHONE CO.

Mutual Telephone Co. registered with SEC 100,000 shares capital stock, $10 par.

Address—1128 Alakea St., Honolulu, Oahu, Territory of Hawaii.

Business—Company is an independent public utility furnishing telephone service on the Islands of Oahu, Hawaii, Maui, Kauai, and Malokai, Territory of Hawaii, radio telephone service between said Islands and certain ships at sea, and also wireless telegraph service between Oahu, Lanai, Hawaii, Maui and Malokai.

Underwriters—There is no underwriting in connection with this offering.

Offering—Company is offering the 100,000 shares for subscription at $10 per share to its stockholders of record Oct. 15, 1941, by offering one share for each 4 shares then held. Subscription offer expires Dec. 20, 1941. Full shares of such stock, representing fractional interests and also shares called for by warrant to be issued to stockholders, which are not exercised, will be sold at public auction in Honolulu to highest bidder therefor not later than Dec. 27, 1941, and proceeds from the auction sale in excess of $10 per share (after deduction expenses of auction) will be distributed pro rata to stockholders of record Oct. 15, 1941, whose fractional interests are disposed of and to holders of unexercised warrants.

Proceeds to prepay outstanding short term bank loans, additions to plant and equipment, working capital.

Registration Statement No. 2-4855. Form A2. (10-6-41)

Effective—4:45 P.M., E.S.T., on Oct. 17, 1941.

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941 for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PUEBLO MINING COMPANY

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

Address—Spokane, Wash.

Business—Mining

Underwriter—No underwriter named.

Offering—To be offered to public at 2 cents per share

Proceeds—Will be used for development, purchase of equipment, building, and working capital

Registration Statement No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

Address—26 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans

Underwriter—Leedy, Wheeler & Co., Orlando, Fla.

Offering—Preferred and Class A will be publicly offered at $1,000 per share Class B common at $1,100 per share Underwriting commission $50 on preferred and Class A, and $55 on Class B

Proceeds—To repay bank loans, and for working capital

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies. parts and equipment, truck bodies and cabs for tractors and trucks

Underwriters—None

Offering—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

Proceeds—For plant extension, retirement certain bank loans, and for working capital

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

Effective—Sept. 13 at 1:15 P.M., E.S.T. as of 4.45 p.m. E.S.T. Sept. 17, 1941

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 26, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T.

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961

Address—311 Securities Bldg., Seattle, Wash.

Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment

Underwriters—None

Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle, Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds, $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company

Registration Statement No. 2-4811. Form E-1. (8-8-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.

Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor

Underwriters — Brown Hartwell Company

Offering—Public offering price, $5 per share, underwriting commission, $1 per share

Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital

Registration Statement No. 2-4133. Form A-1. (7-19-39)

Effective—May 29 as of April 18, 1940

First Boston Issues Handbook on Govts.

The 1941 edition of "Securities of the U. S. Government and Its Instrumentalities", a 75-page publication, has just been published by The First Boston Corporation as a reference for institutional and individual investors. A number of innovations are presented in the new edition, particularly with reference to portfolio management, the effect of taxation on coupon income, and details regarding the new U. S. Defense Savings Bonds, while all the main features of earlier editions have been brought up to the latest available date. Most of the figures and tables included are of June 30, 1941 the Government's fiscal year ends June 30) or later, and various tables reflect operations for the first six months of 1941.

One section of the handbook sets forth a chronological record of the U. S. Treasury and guaranteed financing from January 1939 to date. In addition all outstanding securities of the various Federal credit agencies are fully discussed, including the obligations of the six Treasury agencies whose issues are fully guaranteed as to principal and interest by the Government.

Among the variety of charts contained in the booklet are graphs indicating recent charges in the balance of outstanding short, medium and long term securities of the Government; the steady shrinkage in the volume of tax exempt issues outstanding; a table giving combined return from coupon income plus market action of all Treasury bond and note issues for the year 1940, and the trend and amount of the interest bearing debt of the Federal Government since 1916.

Chapters and charts in the new booklet which had not appeared in previous editions deal with practical investment questions such as the complications brought about by the growing scarcity of tax exempt issues and the effect of new taxes upon income; excess reserves of member banks; and ownership of Government securities by types and by tax exemption status.

The handbook may be obtained at the office of The First Boston Corporation, 100 Broadway, New York City, upon request.

Registration Revoked

CHICAGO, ILL. — Edward J. Hughes, Secretary of State of the State of Illinois, has cancelled the registration of John J. Seerley & Co., 105 South La Salle Street, as dealer and broker in securities, on the grounds that the firm had been found by the State Secretary to have violated the Securities Law.

Write For Analysis

Clark, Kohl & Eyman, 55 Liberty Street, New York City, have prepared an analysis of the effect on Boston & Maine RR. preferred stocks of the opening of Boston Harbor for shipments to Great Britain, Iceland and Russia (Archangel). Copies may be had from Clark, Kohl & Eyman upon request.

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Our Reporter On "Governments"

The bond holdings of New York City's member banks were up only $81,000,000 in the week ended Oct. 22—the period covering the day the banks paid for the Treasury's new 2½s. . . . At the same time, the note holdings of these banks were down only $4,000,000. . . . Both these figures came as distinct surprises to Government bond dealers. . . . Both led to some conclusions which while generally accepted as accurate, may be questioned by astute observers. . . .

The feeling around Wall Street is that the banks in the largest city in the United States, subscribed to comparatively few of the new 2½s, issued in the amount of $1,590,000,000. . . . The impression is that the Treasury accomplished what it wished—a widespread distribution of the bonds outside of bank portfolios. . . . . That may be—but here is another interpretation that seems more logical. . . .

(1) The first reason for the minor rise in bond holdings of New York banks in that week is that the banks engaged in heavy in-and-out trading in the new bonds. . . . They sold considerable amounts of the bonds they bought at par to insurance companies, to individual investors, to trust funds. . . . And, of course, they froze some profits by so doing. . . .

(2) The second reason is that the banks offset their purchases of the long-term 2½s by selling blocks of short-term bonds. . . . Immediately after the offering, the short-term bond list appeared under pressure. . . . While the rest of the market was buoyant, this particular section showed clearly that some large-scale liquidation was going on. . . . This alone would explain the small increase in bond holdings in that period. . . .

Beyond question, the insurance companies bought huge amounts of the 2½s. . . . Beyond doubt, the issue has been—and will be—well distributed. . . . But it's highly unlikely that the largest banks in the nation stayed away from the most attractive Government bond offering in years. . . .

Incidentally, the small rise is bullish generally for the market — at least for the—short-pull. . . . It indicates that the banks are not loaded up with bonds; that they still have plenty of buying power left; that they're not out on a limb at a dangerous time. . . .

As for the small drop in note holdings, the story behind that is that the banks replaced the maturing notes with other note issues. . . . No doubt there was some "rolling over" of maturities but it is also probable that the big banks are buying longer-term Treasury notes. . . .

The Next Issue

Now that the RFC and CCC deals are out of the way, the market should have a breathing spell until late November or early December. . . . December seems the more logical date for the next major cash borrowing by the Treasury, if Secretary Morgenthau's cash holds out that long. . . Chances are it will, for the working balance is close to the $2,000,000,000 mark and money will be coming in from sales of defense bonds, sales of tax anticipation notes and possibly from increased issues of treasury bills. . . .

It's useless to talk now about the terms of an offering due weeks from now, but the odds favor another long-term flotation. And if that is so, investors may take their time in building up positions in long-term bonds in the open market. . . .

The best policy to follow these days is one of strict "staggering of maturities". . . . Keep some cash—to protect yourself against unanticipated dips in the market, unexpected demands for funds. . . . Spread your portfolio over the short-term and long-term list. . . . Hold some of the maturing notes, if you can buy them at not more than a 1½ to 2 point premium. . . . And the emphasis here is on the lower figure. . . .

The Rights

As predicted here, the "right" values on the guaranteed issues were maintained in the most recent Government operation. . . . That doesn't mean, of course, that the market will see a repetition of a deal such as we had in the 2½s in the near future. . . . That issue simply was too sweet. . . . But elimination of the "rights," if it occurs, probably will be gradual. . . . The odds are that the exchange gravy will be thinned out instead of taken away altogether.

You can work out a sensible, profitable policy of rolling over short maturities from this base. . . .

It may be that we'll get an announcement soon, telling us exactly what the Treasury intends to do about the "rights" over a period of months. . . . That announcement would be the fair thing to do, incidentally, for traders these days are getting whip-sawed badly. . . . They can't make up their minds what's going to happen to the rights and they're buying and selling at an unprofitable pace. . . . The premium of 17/32 bid on the new notes must look pretty large to the holders of the RFCs and CCCs that sold out on previous rumors that the "rights" were going to be eliminated. . . .

Well, perhaps this uncertainty is exactly what Morgenthau wanted to create. . . . At least, it will hold the premiums down. . . .

Inside The Market

Excess reserves are down to $4,660,000,000, lowest since Aug. 16, 1939. . . . They'll be down a lot more after the November 1 boost in reserve requirements becomes effective. . . .

Banks paid for large amounts of the new 2½s in cash—for much larger amounts than had been expected, by the way. . . . Treasury's deposits in the week covering the financing at the Federal Reserve Banks jumped $718,000,000. . . .

Former New York Reserve Bank President, George Harrison, recently remarked that action designed further to limit or discourage bank subscriptions to new Government issues seemed essential. . . . This may be a "feeler" but drastic action along these lines seems a long way off. . . .

It's possible, though, that a pattern for financing will emerge after a while. . . . Defense bonds for individuals. . . . Tax anticipation notes for corporations (and individuals) . . . long-term Government bonds for insurance companies, trust funds, estates, etc. . . . Bills and short-term Government issues for commercial banks. . . . Then, restrictions on subscriptions would be in order. . . .

We regret to announce that
Mr. H. Wisner Miller
retires as a General Partner of our firm as of October 31, 1941.
He will continue to have his office with us.
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Fajardo Sugar Reports $1,082,847 Profit

The Fajardo Sugar Co. of Porto Rico and associated organizations reports for the fiscal year ended July 31, 1941, a profit of $1,082,847 after expenses and depreciation, but before income taxes. This compares with a profit of $710,711 in the preceding year. John Bass, President, reports that the total cane ground amounted to 780,742 tons and the factory output was 90,388 tons of sugar. Mr. Bass states that the 1942 crop appears to be in excellent condition.

B. Symonds To Manage Municipals For Perry

BOSTON, MASS. — Arthur Perry & Co., Inc., 31 Milk Street, announce that B. Shapleigh Symonds has become associated with them as manager of their municipal bond department. Mr. Symonds was formerly first Vice-President of Chace, Whiteside & Symonds, Inc. and was an officer of Commodity Distributors, Inc.

Geo. Goodspeed Now With W. R. Bull & Co.

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—George S. Goodspeed has become associated with W. R. Bull & Co., Inc., 215 Church Street. Mr. Goodspeed was formerly local manager for Fahnestock & Co. and prior thereto was an officer of the R. F. Griggs Co. and Ross Beason & Co.

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THURSDAY

In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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Federal Expenditures Could Be Cut $2,000,000,000
Bureau of Budget Reports but Does Not Recommend

The Budget Bureau on Oct. 18 submitted a report on methods of reducing non-defense Federal expenditures during the current fiscal year by either $1,000,000,000, $1,500,000,000 or $2,000,000,000. The calculations were rendered to the Senate Finance Committee at the committee's request and in offering them the Budget Bureau was careful to stress that they were not to be regarded as suggestions of the Bureau or as a forecast of the President's budget for the fiscal year 1943. In addition the Bureau warned that the proposed cuts would "seriously impair the defense effort." The most drastic reductions contemplated by the report are in expenditures of the Work Projects Administration, Civilian Conservation Corps, the National Youth Administration, and aid to farmers.

The following is taken from Washington advices of Oct. 18 to the New York "Herald Tribune":

The report was made in response to a resolution adopted by the committee on the motion of Senator Harry F. Byrd, Democrat, of Virginia. It called for suggestions for revisions of the budget based on cuts in non-defense expenditures of $1,000,000,000, $1,500,000,000 and $2,000,000,000.

To save $1,000,000,000, as had been suggested by Henry Morgenthau, Jr., Secretary of the Treasury, in his initial testimony of 1941 tax bill, the Budget Bureau said would require a 15.2% reduction in the $6,581,000,000 of non-defense expenditures. A $1,500,000,000 cut would mean a reduction of $22.8% and the $2,000,000,000 figure a cut of 30.4%.

Or, going more into detail, the Bureau showed that specified amounts could be saved by deep slashes in the $1,061,000,000 farm-aid program, the $1,034,000,000 work-relief appropriation, the $363,000,000 N. Y. A. fund and some $533,000,000 earmarked in the current budget for general public works.

However, the Budget Bureau's report pointed out such cuts would not be feasible for the following reasons:

Many agencies now labeled "non-defense" actually are doing defense work, including, for example, the Treasury, the Census Bureau, the General Accounting Office and, the Budget Bureau added it might be said, virtually all Government agencies.

The Bureau cited the following reasons against widespread slashes:

Much of the works program is for defense purposes, and should not be curtailed.

Defense employment, which might be expected to reduce work relief is "spotty" and does not affect many sections. Unemployment due to priorities and the allocation of materials is certain to require the continuance of a works relief program.

Price rises are immediately reflected in the budget by increases in the cost of government, particularly the defense program.

The activities of existing social agencies should be maintained in preparation for the post-war period when they will be definitely needed.

The Bureau took issue with the Senate Committee's assumption that Government spending at this time could be split sharply into "defense" and "non-defense" categories.

"In a period of total defense," the report said, "such a segregation has little significance. Even if the interpretation of defense were restricted to military activities, segregation of non-defense expenditures could not be made simply and precisely."

The report further emphasized that the Federal budget, while submitted only once a

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FROM WASHINGTON
AHEAD OF THE NEWS

Aside from the issue of national defense that is involved the showdown between Mr. Roosevelt and John L. Lewis is one of the most dramatic episodes witnessed in this country in a long time. The moral to be drawn is that regardless of how big a man may think he has become he ought always to keep his feet on the ground. Lewis hasn't done this. He has walked into a man whom he despises but who also despises him and has been just waiting for the opportunity that has come. The belief in Washington is that Lewis is by way of being utterly crushed as a big shot in the American labor movement.

He is a creature of the New Deal. He hung around with them at nights when they first came to town, was fascinated by their so-called brilliancy and in turn, tried to show them that he was a fellow intellectual by citing Shakespeare. The record is plain that the New Dealers wanted a labor organization as an accompaniment to their socio-political revolution and the old line American Federation of Labor leaders seemed too unimaginative or too practical to tie themselves up with it. The CIO was conceived in New Deal circles and Lewis was shoved to the front as the bull-dozer or loud speaker of it. What he apparently has never realized is that he was never the brains. Sidney Hillman was much more so. But the New Deal propagandists gave Lewis a tremendous build up, made him a household name. The definite purpose was to kill off the old line federation leaders, "reactionaries" they were called.

Lewis has been misled in his present attitude by Mr. Roosevelt's timidity in dealing with labor. But labor is one thing with the President and Lewis is another. The truth is that the President has just been itching to catch

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Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

GENERAL CONTENTS

THE FINANCIAL SITUATION

During this autumn season two of the most discussed of the official bug-a-boos in Washington have been "inflation" and "priorities unemployment." The Chairman of the Board of Governors of the Federal Reserve System has, perhaps, taken the lead in talking about inflation, its horrors, and its remedies as he envisages them, but a good many others in places of prominence in the Administration have had no little to say on the subject. There has been much argument and a little action on the subject of "excess reserves," and the rank and file are being constantly beseeched to "save" and buy war obligations of one sort or another. Exactly nothing, however, appears to be in prospect as regards reductions in needless non-defense expenditures although Bureau of Budget officials have plainly, albeit reluctantly, said that as much as $2,000,000,000 could be pared from this list of expenditures. Consumer credit is another subject that has been much in the headlines, but here, too, it remains to be seen what will be actually accomplished by any action taken or in contemplation. Mr. Henderson's price control efforts and all the attendant ballyhoo are familiar to all. As to "priorities unemployment," dread of it seems to have given rise to the appointment of some new "dollar-a-year" men and certain further extension of the already top-heavy bureaucracy in Washington, but here likewise the future must disclose any practical results that may be forthcoming.

In all this there is admixture of good along with the bad, a seasoning of reason to spice the nonsense; yet thoughtful observers can scarcely help wondering whether, as to it all, the most important and fundamental considerations have not largely, if not altogether, escaped official notice, and as for that matter the notice of the public at large. These considerations have to do with the nature and scope of the armament program in its entirety. It is obvious enough that the wider the range and the larger the magnitude of this armament production effort is, the less energy and materials there will be left for ordinary civilian supplies of virtually all types of goods. The more limited the supply of the latter type of goods, particularly in view of the largely increased income of very large groups of wage earners, the greater the force tending to push prices upward.

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IN THIS SECTION

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From Washington

(Continued from First Page)

Lewis in such a vulnerable position as he is in. Not considering the emergency times, it was utterly unconscionable for Lewis to strike his men, throw them out of work, when 95% of them belong to his union, the coal companies recognize the union and collect the union dues when a worker expresses his willingness for them to do so. To do this when he is also put in the light of holding up national defense, when the whole country will be against him, is evidence of just how far he got off base.

He perhaps doesn't realize it but the New Deal has done a tremendous lot of spadework for the job they are now prepared to do on him. They have been working assiduously at undermining him as only they know how to do. The AFOL leaders want to get him; Sidney Hillman wants to get him; Philip Murray, head of the CIO, is a sick man but the indications are that he wouldn't be averse to Lewis' being removed from the scene.

For one thing, the New Deal jockeyed Lewis into the position of having to take on Communists for his support. Now, for the time being at least, these influences, on orders from Moscow, won't follow him.

The New Deal having made Lewis, would have finished with him long ago had it not been for the Republicans. So anxious were they to have an outstanding labor leader in their camp, that they embraced him. It was a foolish thing to do because it was quite plain that Lewis was one of the best issues they had against the New Deal. Bob Taft carried Ohio in 1938 by using Lewis as one of his main issues; the Republicans in Pennsylvania, presumably a state where his influence should be mostly felt, beat him the same year. The AFOL beat him in every political race that was joined in 1938 and 1939. And he certainly lost instead of gained votes for Willkie.

The New Deal is striking at him now when he is already having trouble in his ranks. The man has had an amazing ride in the headlines but little did he realize that the President was chafing at the bit for the opportunity which finally presented itself.

Politicians are an interesting study. Fiorello LaGuardia, the "little flower", was quite anxious to get Roosevelt's endorsement in his mayoralty campaign this year. He considered he needed it badly. The last time he ran, he considered Roosevelt was trying to get in on his victory, claim credit for it, and he wouldn't use a letter the President wrote to him. The letter went forward on the eve of the election when LaGuardia considered his victory to be in the bag.

The relations between Roosevelt and Jim Farley have gone from bad to worse. Recently, Edward L. Roddan, assistant to Charlie Michelson in the Democratic National Committee's publicity set-up, resigned because he had been so devoted to Farley that he was not happy with Ed Flynn. Farley recommended him for a membership on the Federal Communications Commission. Roosevelt turned it down. Both Farley and Flynn, of course, are upset over Roosevelt's endorsement of LaGuardia.

An example of the confusion, the backbiting and bickering in Washington is the repeated efforts to make the country war conscious. "Horrible Harold" Ickes first brought up the subject when

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Editorial—

Congress Must Assume Control

Not through a formal message to Congress as provided by the Constitution of the United States, but by the indirection of an informal press conference, the favored representatives of the newspaper press who were admitted to the august presence being pledged not to venture upon direct quotation, the President seems to have threatened the country with a demand for raising appropriations for armament to an aggregate, not even final or limiting but probably temporary and provisional, of $240,000,000,000. Let us pause momentarily upon that total. $240,000,000,000! $240,000,000,000!! It ought to be impressive, arresting, awe-creating, terrifying, imperatively thought-requiring; the difficulties lie in its comprehension.

Compare it, first, with the 1940 aggregate of population, reported in the last census, of 131,409,881; it is $1,826 for each child, woman, and man, in that large number, $9,130 for each family of five. If the people support or permit such appropriation of the fruits of their industry and frugality, it will be useless to affirm that they do not severally possess so much; it will have to be supplied, in toil or through abstince from desirable consumption of the necessaries of comfortable subsistence often amounting to severe privation, a politically-imposed and unnecessary poverty endured to sustain the slaughter of human beings and the destruction of private and public property in remote regions, causing dire and continuing suffering there as well as at home. They will have to pay for it in the shame of public repudiation of public obligations or, throughout their lives and the lives of their children and grandchildren, in cruelly grinding and enslaving taxation. Such an expenditure, for purposes of warfare, would lay burdens upon the American people exceeding those forced by the Pharaohs, who built the grandiose and useless Pyramids, upon their Egyptian subjects, who gave the lives of hundreds of thousands of their sons to the selfish aspirations of their despots to be imposingly entombed.

Compare $240,000,000,000 with the highest estimate ever made of all the wealth of all the people of the United States, accumulated during over a century and a half of trade and industry and under the most favorable conditions ever enjoyed by any nation. That estimate was $320,803,862,000, and $155,908,625,000, or almost one-half of that aggregate, represented the total of all real estate subject to taxation. These figures were made at the peak of the inflationary movement following the first World War, and unquestionably exceed the realities of the present, the last two decades having been years of deterioration and wealth-consumption rather than accumulation. However, it is more than 12 times the value, as then estimated, of all the railroads of the United States with their rolling stock and equipment; over 15 times that of all the manufacturing tools and machinery; over 50 times that of all automobiles and other motor vehicles; over 90 times that of all farm implements and machinery; and over 40 times that of all live stock of every kind and description. It is even eight times the additional public debt accumulated during eight and a half years of Roosevelt extravagance and waste. It would be impossible to convert $240,000,000,000 of existing wealth into the mechanisms and munitions of warfare; all that could be done would be to convert the very small fraction that is subject to conversion, to let much of the balance deteriorate rapidly by neglecting essential repairs and replacements and allowing depreciation to accumulate without offsetting improvements, and to create the balance by the arduous toil of workers taken from the socially gainful processes of production and diverted to the most wasteful of all activities, far more detrimental than mere idleness, the production of means and apparatus for the destruction of life, the impairment of the living escaping destruction, and the violent wasting of property created by past toil and accumulated by provident abstinence from consumption of generations that are now largely extinct.

Such blind and horrible wastage of the means of subsistence and comfort presently available is dreadful to contemplate; it would be worse than criminal heedlessly or needlessly to bring it about. The $240,000,000,000 program, says the Washington correspondent of the "New York Times," would compel:—

> ". . . The virtual cessation next year of the manufacture of durable goods for consumers. . . . the present 'inadequate defense' production schedule calls for the utilizing of the facilities of approximately fifty percent of the total value of the United States industrial production in 1942, officials said that it was perfectly obvious that no new greatly enlarged arms effort could be superimposed on the present schedule without a drastic curtailment of civilian output, and a more excessive diversion of tools, plants and men from civilian-goods plants to the manufacture of military material. . . .

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Editorial—

Axis Debtors and American Creditors

Among the results of the anomalous and altogether unprecedented diplomatic situation now prevailing between the United States and the so-called Axis countries are certain financial considerations which are working serious hardships upon American banks and creditors. To the degree that such hardships are necessary, they will unquestionably be borne quietly by the interests on this side. It is far from clear, however, that anything more than an idle whim of the State and Treasury Departments is entailing losses and sacrifices which are especially aggravating in these times of increasing stringencies.

This, let it be said, is not in any sense a question involving the general foreign policy of the Administration, or of the war-making capacity of Germany, Italy, Japan and the countries allied with them in greater or lesser degree. It is a mere financial eddy of general policy. A fair surmise is that the situation has grown, like Topsy, because no one in Washington had the time or inclination to examine it carefully and adopt sensible expedients.

Complete default on German Government 7% dollar bonds, commonly known as the Dawes loan, points this problem in the broadest manner. There is every reason to believe that German authorities would have continued to make the sizable partial payments on coupons of this issue which have been the rule since 1935, if our own Washington authorities had granted permission. Such payments, from frozen German funds already at hand within the United States, could not in any readily comprehensible manner be of aid to the Axis cause.

That the German debtor was blocked from making this payment is indicated by efforts to disburse blocked funds in full service of the 3% German funding issue due 1946. Applications for use of German balances in this manner were unsuccessful, and the coupons due July 1 remain unpaid. Nor have applications for interest payments on standstill credits, or on the Lee Higginson credit, been considered favorably. Hungarian standstill credits are in similar plight, and it would appear that the practice may be extended.

The payments which the debtors were willing to make, it is necessary to emphasize, could easily be controlled and necessarily would be controlled by our own authorities. This would be a matter of transferring idle Axis funds held in the United States to bona fide American citizens, many of them dependent in good part on the interest due from the securities. No question could arise of use of such disbursements to further Axis propaganda or other purposes in the United States, since Axis consuls and agents have been expelled.

The method for sensible treatment of this problem has been indicated by the prevailing practice on dollar bonds of countries like Norway, Denmark, Belgium and France. In all these cases payments to American creditors are permitted, out of funds frozen here, after due establishment of the genuineness of the claims and the American nationality of the bondholder.

Those American creditors who have been able to present their case in Washington have come away with the impression, it is said, that vague possibilities of future claim difficulties have inclined our authorities to take the stand against any disbursement of Axis funds. But all the American credits concerned far ante-date the current European war, and it is difficult to see what good purpose may be served by withholding funds due on absolutely unquestioned advances.

All that has been said so far by the Treasury on this question was contained in a recent address by John W. Pehle, special assistant to the Secretary of the Treasury. Permitted payments to one creditor or group of creditors selected by Germany obviously would not improve the Treasury foreign property control, said Mr. Pehle. This suggests the possibility of German discrimination in meeting various classes of obligations, but there is no generally available evidence of such discrimination, other than that existing before the new situation developed.

This problem arises against the background, it must be remembered, of continued diplomatic relations between the United States Government and the Axis regimes. In the event of complete severance of relations, or perhaps of outright war, the matter necessarily would assume a different aspect. In the existing situation, however, there would appear to be little reason for rigid exclusion of important groups of Americans from access to funds which are available to them.

Editorial—

Congress Must Assume Control

(Continued from page 818)

This means, they said, that a new military program of the scope now being discussed . . . will require the use of every important machine tool in the country."

Let no one suppose that this is all. These means for devastation are not to be produced in privation and sacrifice only to rot in disuse, but they are intended to be consumed in bloody strife and the wide-spreading of suffering immeasurable. With the consumption in use of war mechanisms and munitions costing $240,000,000,000 must go, also, the expenditure of uncounted thousands of lives, the maiming and mutilation of millions more, not merely within the fields of combat but wherever the innocent and the defenseless can be reached by bombings from the air or by cruel under-nourishment enforced by blockades or compelled by grinding poverty wantonly produced.

No authority delegated to or vested in the President of the United States endows him with power to foist such unmitigated folly upon the great people who have equipped him, for a brief and limited period, with the functions of a principal executive agency for carrying out their considered purposes as determined and formulated by their legislative representatives. He has no authority whatever save that conveyed in the general terms of the Federal Constitution and made detailed and explicit by the common law and the enactments of Congress. If he is allowed dangerously broad latitude and discretion it can be only because the elected representatives of the people, to whom all legislative power within the metes and bounds of the Federal Constitution and structure has been delegated, have shirked or evaded their obligations to their respective constituencies and admitted an unintended and obnoxious aggrandizement of a position that can vary from one wholly executive in no direction except towards that of despotism and tyranny. An autocratic chief-executiveship is the extreme negation of democracy; when nominally temporary, it readily becomes self-perpetuating and permanent; an American dictator could become an American emperor as easily as Louis Napoleon passed from the dictatorship to the imperial throne in 1852—and his public career would no doubt perish in disgrace and general contempt as prompt and complete as that which overwhelmed that shallow and war-mongering potentate in 1870.

The power of the purse, which is the power absolutely to control all Federal taxation and all Federal expenditures, was created by the Constitution and confirmed in the Congress simply to prevent such concentration of power in the Chief Executive and to confine him permanently to functions extending not at all beyond the wishes and purposes of the people as expressed by their Senators and Representatives assembled in Congress and there deliberating in the presence of the public, their ultimate masters. It is true that, browbeaten by executive pretentions and seduced by executive patronage, the power of the latter vastly expanded by the novel and un-American practice of making huge "blanket" appropriations, that is appropriations that are unspecified as to their details and so left to control and manipulation by executive favor, Congress has for some eight years extensively abdicated its high legislative functions and avoided its corresponding responsibilities to the public, but it is by no means conceded that this can be a permanent and considered surrender to unconstitutional Presidential dictation. On the contrary, the 1933 and subsequent acceptance of excessive Presidential leadership, however unwise and improvident, has unquestionably been in obedience to an impulse believed to be patriotic and a confidence in the clarity of the executive vision and the wisdom of the executive expedients and improvisations which, in 1941, has become wholly without warrant in experience or justification in reason and, in most quarters, has ceased absolutely to exist. Certainly, whatever existence it ever had in the intelligence of any American constituency has now been submerged by accumulating evidence of increasingly reckless irresponsibility and practice in the disposition of the resources of the people and the wanton indulgence of un-American aspirations. If there is any virtue in the American system of the distribution of governmental powers, if there are inevitable evils intrinsic in despotism, if there are safeguards to the public interest in common council by legislative representatives chosen in the Congressional districts and in the States, if Franklin Delano Roosevelt is not the one man in all America competent to direct and control the national course in the complex fields of international relations and if complete domestic subjection to sentiments of world-wide and Quixotic altruism is undesirable, it has defintely become time for the Congressional representatives of the people to resume their high functions and to resume them in their undiminished breadth and unquestionable authority.

A Federal public debt of $65,000,000,000, allowing for contingent obligations that are already actual in everything but the technical legal sense; an annual Federal interest charge already approximating $2,000,000,000; plus a threat of $240,000,000,000 more of totally unproductive governmental expenditures upon preparations for warfare; and plus a further imminent threat of war itself; ought to be enough to arouse Congress from its supine lethargy of eight long years and from its fearful submission to executive dictation, and to induce that body to reassert its commanding position as the purse-controlling and policy-making authority of the whole people. If it does anything less than that, if it postpones that resumption too long or asserts itself with force less than that with which it is constitutionally endowed, it will be false to its public obligations and upon it should rest the wholesome indignation and contempt of the whole people. But in a little while it may be too late. Catastrophe has been long approaching, it is advancing now with swift and relentless steps. Public bankruptcy will confront the Nation, if it proceeds upon the reckless courses urged upon it from the Cabinet and the White House. Impoverishment, penury, greatly reduced scales of living, wholesale suffering, confront all the people and threaten their posterity for a long period to come—unless sound public policies are promptly substituted for the recklessness of those now in executive authority.

There are great and wise men in the Congress of the United States and when sufficiently moved, they are capable of assuming the full command of the ship of state. True it is that a few among their colleagues are shallow sycophants, selfish seekers of executive patronage and support who bow obsequiously upon all occasions to the mandates of the White House clique, men who would have to retire to the oblivion from which they have briefly escaped should they lose the support of the Presidential coat-tails on which they have been riding. But the little and unwholesome Claude Peppers and Joe Guffeys are not typical of the majority of the membership of the Senate and the House of Representatives. These observations are not addressed to the unworthy few but to the men of real capacity and integrity; the men who comprehend the American system of representative government, understand its operation, and have pride in sharing and maintaining the authority and dignity of the high position of independent legislative representatives of the people of the United States. There are men, like Sam Rayburn, the Speaker; Hatton W. Sumners, Chairman of the Judiciary Committee of the House of Representatives; John W. McCormack, leader of the Democrats in that body; Congressmen Clifton A. Woodrum, of Virginia; Robert L. Doughton, of North Carolina; and Edward E. Cox, of Georgia; Senators Harry Floyd Byrd and Carter Glass, of Virginia; Frederick Van Nuys, of Indiana; Guy M. Gillette, of Iowa; Bennett Champ Clark, of Missouri; even Robert F. Wagner, of New York; within whose inward consciousness the plain public peril and their conseqent public duty must burn as a searing flame commanding to resolute action and dominating assertion of functions too long remaining in abeyance. We list here no Republicans, for their support in any such movement must be conceded in advance, and we omit not a few Democrats equally capable of moving fearlessly and as leaders, upon the initiative of realixed obligation. And a sufficient host of truly patriotic men in both Houses of Congress need only the confident assertion of such patriotic leadership to surge forward to victory over the fallacies and follies of White House leadership that is subversive of the polity of the Constitution as well as of the fundamentals involved in the imminently threatened security and welfare of the American people.

The State Of Trade

Business activity was lower the past week, reflecting a sharp contraction in automotive activity, bituminous coal production and electric output.

On the other hand, there was a sharp rebound in carloadings. In a recovery from the previous week's slump, railroad carloadings expanded contra-seasonally to a total of 922,884 cars, the highest level so far in 1941 and largest since Nov. 2, 1930, the Association of American Railroads reported. This represented a gain of 108,975 cars, or 13.4%, compared with a year ago, and a gain of 66,595 cars, or 7.8%, compared with the corresponding week in 1930.

Power output figures tended to confirm indications seen in business charts, showing some decline from recent peak levels. Difficulties in obtaining needed materials, defense strikes and priorities have been taking a heavy toll, particularly in small companies, and the fact is showing up in the industrial activity figures.

For the week ended Oct. 18, the Nation's electrical power output declined contra-seasonally 1.3% from the previous week, which was an all-time high. The present figure, however, is still 15.3% ahead of a year ago.

Engineering construction awards for the week of $70,326,000, top the $42,944,000 reported for the short preceding week, but are 45% lower than in the corresponding week last year, as reported by Engineering "News-Record."

Latest figures report steel production at a new all-time high of 1,650,533 net tons, or 99.9% of capacity, up 2.1 points from last week. Drastic curtailment of operations will naturally follow if there is any interference with the operation of captive coal mines.

At the moment labor disturbance has reached such a stage that it overshadows all else. The threat to steel production from the Lewis-decreed strike in captive coal mines is the high light of the week, and its outcome is bound to have a far-reaching effect. The question is one of the closed shop. It is pointed out that the manner in which these strikes are settled may determine the course of American industry over the next several years, or even generations.

Attention is called to the French Republic that lies trampled in the dust because leaders like John L. Lewis were given free rein at a time when its safety was threatened. It appears now that this recent act of the C. I. O. labor leader in flouting the Administration and calling a strike at the captive mines is bound to bring a showdown. It is clear the people of the United States have no intention of following in the footsteps of the ill-fated French Republic. They want defense production, not strikes. Surely they will know how to answer the challenge laid before them by John L. Lewis.

Retailers report dampening of buying enthusiasm on the part of consumers in all lines except foodstuffs and some home furnishings. No single factor is held responsible for the leveling off in demand from the recent peak figures.

Initial reports on retail sales of automobiles indicate a sharp drop is in prospect for the 1942 model year, but the decline in demand will be less than the prospective curtailment in production.

During the first ten days of October, for example, sales fell off some 33% from the same period last year. This relatively poor showing is ascribed by some observers in the trade to the shortage of cars among dealers.

Other observers, however, believe the decline was due to such factors as the increase in prices, the new excise levies and the substantial anticipatory buying by consumers during the 1941 model year.

One of the chief worries, especially in Wall Street, is the constant threat of increasingly heavy taxes, not to speak of a lack of ceilings on wages and farm products. What all this means to corporate earnings is reflected in the sharp drop of over 8 points in tobacco stocks on the statement of George W. Hill, President of American Tobacco Company, and his recommendation of a reduction in the company's dividend.

Labor Dept. Solicitor

Warren W. Gardner of New York, was nominated by President Roosevelt on Oct. 9 to be Solicitor for the Department of Labor. Mr. Gardner was named to succeed Gerard D. Reilly, who was confirmed by the Senate on Sept. 29 as a member of the National Labor Relations Board for a five-year term.

Editorial—

THE FINANCIAL SITUATION

(Continued from first page)

Any notion that funds paid out in higher wages to more men will in large part be somehow drawn into the financing of the armament effort and perhaps later in the conduct of war itself may as well be set down as vain at the outset.

The same is true, obviously, of the notion which apparently prevails in influential Washington quarters that by further and further enlarging the armament program, at least on paper, "priorities unemployment" will be greatly affected. There is good reason to think, for example, that the influence of automobile labor and its complaints of the prospect of unemployment has had something at least to do with the plans now said to be in the process of formulation whereby the output of our war material would theoretically reach double the volume not of what is now being produced but of what has heretofore been envisaged. Many of the reports now coming out of Washington on this general subject are almost incredible, and much of what is being said is simply unintelligible to the economically literate. If what is now being done and what is already scheduled to be done in the way of armament production requires so much of the materials of commerce that an exceedingly scant supply is left for ordinary peace-time products, where are the materials for a doubled armament program to come from? If such materials can by any means be found, why could they not be used to supply the wants of the civilian population? And, anyhow, does it take so much less labor to make steel, copper, chromium, aluminum, and all the rest into tanks, planes, guns, ships, and the like than it does to make these things and use them in the production of automobiles, tractors, washing machines, and the other articles the people want? If not—and the answer obviously must be in the negative—then any real threat of "priorities unemployment," other than of the most temporary nature, must lie in the difficulties of shifting men, and perhaps machines, from one kind of product to another. But if this be true, how could the shifting of still more men and still more machines to defense production relieve the employment situation?

The real question is: Do we need all the tanks, guns, planes, and other items apparently now envisaged? Can we reasonably expect to make effective use of them in defending ourselves, or even in the defeat of Hitler? This is obviously a question which must interest all thoughtful Americans, quite regardless of individual views concerning the foreign policy of the Administration. There can be no possible point in diverting materials, machinery, and labor to the production of armament in astronomical amounts merely to "match Hitler" in the quantity of such things of which we are able to boast. Armament used neither by us nor by any other power engaged in defeating Hitler can be set down as sheer waste—and worse since the production of it tends horribly to disrupt our industrial and trade mechanism to say nothing of finance. As to ships and planes, assuming a continuance of our aggressive foreign policy, there is, of course much less question than in the case of land equipment. But the program of enlarged armament effort appears placing great emphasis upon tank production, possibly as a result of Russian experience, and apparently envisages a very large increase in the output of all kinds and classes of war making mechanisms.

Where could such quantities of these things be effectively used? Remember that what is now under discussion is not an increase in the production already being effected, but in the mammoth production which has been projected for the future. Certainly there can be no likelihood of need for them in the defense of our own territory here on the North American continent. Not much has been heard of late—and with good reason—of the danger of raids upon our cities by long range German bombers, but even if we conjure all that up again, it must be admitted that the bulk of the armament now said to be planned during the next two or three years would be wholly useless in defending against air raids. In South America? Hardly more likely than in the United States itself. There is at present no substantial amount of such equipment anywhere in these areas, and no plant in which to manufacture it. At best—or worst—Germany cannot transport such equipment there without virtually complete command of the sea and without possession of virtually all the shipping now in existence in the world. If Hitler were ever to gain such command of the sea, which is certainly not very likely, how could we transport ours to South America or certainly to such parts of South America as would be necessary to meet the German battalions? And if Germany actually transported such equipment in ever so large amounts to South America how would she manage to attack us with tanks and other land equipment from such vantage points? A glance at the map is sufficient answer to the question. Such consideration would appear to make the President's secret "made-in-Germany" map of little real significance.

In Asia? We have been making large promises to Russia—hardly a democracy—about the amount of such aid we are planning to furnish. But let's be realistic about it. Unless Germany presently collapses—in which case there would no longer be any need for montainous war supplies—there would appear to be no way in which we could get such amounts of material to that sorely pressed country save by shipping it more than half way round the world, and keeping it supplied by the same route. Can any reasonable man, calmly appraising the situation, view such a prospect without the deepest of scepticism? The Near East presents very nearly as great difficulties. As to the often predicted war with Japan—for which on the present showing there would be no good excuse—it would appear quite obvious that such a conflict would be almost wholly fought out upon the seas and in the air. Certainly one would need to be credulous indeed to suppose that in such a conflict we should be able to make effective use of any very substantial proportion of the tanks and other land equipment we are now apparently planning. Let it again be reiterated that what is being said here has no reference to ships or planes and whatever is required to make them effective. The point is: What should we do with the quantities of *land* armament we are now apparently about to lay plans for producing?

In western Europe? Were we to produce the quantities of land equipment we now are discussing in Washington and ship even the larger part of it to England to be added to what that country already has or will have by the time we arrive with ours, there would be scarcely space enough on the British Isles to deploy the whole of it. It is incredible that the authorities here have any such idea in mind in laying their present plans. Where then can it be effectively employed? In an attack upon the west coast of the Continent of Europe? If one wishes an authoritative account of the difficulties that lie in the path of such an undertaking he might consult Hitler himself, only he has had only the English Channel to master while we should have the Atlantic Ocean before us. If we are to "destroy Hitlerism" in this manner we may as well gird ourselves for a task unparalleled in history—and in girding ourselves we must be certain of all that is necessary, and that is more than most of us have dreamed on, to transport this equipment and millions of men across the Atlantic after we have first accomplished the almost unsuperable task of establishing and making secure the necessary bridgeheads on the western coast of Europe. Unless we can meanwhile perform miracles in other directions, we venture the prediction that much the larger part of all this land equipment, we are now said to be planning to produce, assuming its production, will still be lying idle in this country when peace is once more restored to a sorely tried world.

We are well aware, of course, of the usual objection that such matters as these should be left to the trained judgment of professional soldiers, but who can in this day and time and under the circumstances existing in this country feel great confidence that professional soldiers have dreamed these dreams which seem to the ordinary layman to have relatively so little touch with reality?

For our part, we are certain in our own minds that the time has come for the American people to do some serious thinking for themselves about these matters, and when they do, there may be very much less serious danger of "war inflation" and "priority unemployment."

Petroleum And Its Products

The end of the petroleum emergency in the East was proclaimed this week by Petroleum Coordinator Ickes as he disclosed that Great Britain is turning back 40 tankers borrowed from the United States. Immediate lifting of all gasoline restrictions on the eastern seaboard, including the 12-hour curfew order for service stations, was ordered by the Petroleum Coordinator who requested Priorities Director D. M. Nelson to lift the rationing order as quickly as possible.

The return of the U. S. tankers—15 by November 1 and the balance during the month—is possible because of the sharp contraction of British shipping losses in the Battle of the Atlantic. The immediate cause of the threatened shortage of crude and refined petroleum products on the East Coast was the transfer of between 80 and 100 American tankers to British control under the terms of the Lease-Lend Act. "The bad outlook of the summer has been overcome," "Mr. Ickes said in announcing the return of the tankers.

Uncertainty over the use to which the returned tankers would be placed was ended in Mr. Ickes' announcement that the tankers would be restored to normal service hauling crude and refined petroleum from the Gulf Coast to East Coast ports. Since Mr. Ickes had announced prior to the news that the tankers would be returned, that the PCO program plus the unseasonally warm weather had virtually obliterated any possibility of petroleum shortages, the return of the tankers, even though only half of the total loaned, would seem to mean a complete end to the "shortage" situation.

The sudden ending of the shortage emergency brought to a close one of the most confused periods in the history of the American petroleum industry, highlight of which was the argument between Mr. Ickes and J. J. Pelley, head of the Association of American Railroads, over just how many "idle" tank cars were available for movement of crude and refined products. Another highspot was the decision of 11 major oil companies to self-finance the construction of an 80-million dollar pipeline from Texas to the New York-Philadelphia refining area which was ended when the SPAB refused to set priorities for the materials needed. Now, neither the question of idle tank cars nor the pipeline mean anything.

In commenting upon the ending of the gasoline restrictions, John A. Brown, President of Socony Vacuum and Chairman of the General Industry Committee for District No. 1, said "after losing so much of its usual tanker transportation, the industry by unusual and higher cost methods, as well as heavier loading and more efficient use of tankers, has brought about the improved position. In this effort, the Petroleum Coordinator has played an important part, which is appreciated by the industry. The agreement for the return of an additional 25 tankers by the end of November removes for the present any possible transportation shortage."

There is no opposition within the office of the Petroleum Coordinator against justified price advances in crude or refined petroleum, Ralph K. Davies, Deputy Petroleum Coordinator, told the International Petroleum Association national convention in Tulsa last week. Mr. Davies also told the assembled oil men that the PCO exerts no control over the petroleum industry and it never will "if we cooperate promptly and effectively and do the job that must be done." Following Mr. Davies' remarks on price changes, the Association adopted a resolution urging a "sufficient and adequate" price for crude oil, with a resolution urging increases of 25 to 50 cents a barrel being defeated.

"Prices fall within the jurisdiction of the Office of Price Administration, but the Petroleum Coordinator is charged with the duty of making such recommendations to that office as he deems necessary," Mr. Davies said. "Such recommendations must of course be based upon facts and, armed with facts, the Coordinator is not averse to making recommendations as to price—even increases in price." The oil men were told by Frank A. Buttram, President of the organization that a survey has been made which shows that a top price of $1.60 to $1.75 for mid-continent crude is necessary under present conditions, against the ruling top of $1.25.

A survey of the nation's oil fields to determine the maximum rates of sustained production and the amount of oil that must be discovered annually to maintain reserves at the present level by Petroleum Coordinator Ickes was asked in a resolution adopted by the Association. Other resolutions proposed that action be taken against "hoarders" of equipment; that attention of Government agencies be called to the importance of providing the oil industry with sufficient materials for operation; that the Interior Department open public lands to oil and gas development; that importations of foreign crude oil be limited to 4½ per cent of domestic demand, and the Connally Hot Oil Law be made permanent.

Daily average domestic demand for crude oil of 4,070,000 barrels during November was forecast in

the monthly market demand estimate of the United States Bureau of Mines this week, a total for the month of 122,100,000 barrels. This figure is 57,100 barrels above than the October estimate, and 13 per cent ahead of actual demand in the comparable 1940 month. Crude oil exports for the month were set at 3,500,000 barrels, against actual movements of crude totaling 3,805,000 barrels in the like month last year.

With the number of shutdown days lowered from nine to eight, the Texas Railroad Commission ordered November production of 1,479,618 barrels daily which is approximately 25,000 barrels above the level recommended by the Bureau of Mines. The November allowable for Louisiana, set this week by the State control agency, of 347,058 barrels daily is nearly 14,000 barrels above the level suggested by the Bureau of Mines. However, although the allowable is more than 7,800 barrels above the October daily figure, actual production probably will be under the Bureau of Mines' figure.

Daily average crude oil production showed a recession from the record high scored in the previous week during the seven days ended October 25, with a decline of 11,750 barrels paring the total to 4,098,800 barrels, according to the mid-week report of the American Petroleum Institute. Sharpest decline was shown in California and Kansas totals with all other major oil-producing States reporting higher levels. A gain of 34,000 barrels in stocks of domestic and foreign crude oil stocks during the week ended October 18, reported this week by the Bureau of Mines, lifted the total to 243,605,000 barrels. American crude inventories were up 551,000, but imported crude stocks dipped 517000 barrels.

Although Great Britain has agreed to resume diplomatic relations with Mexico, it "maintains its attitude" in the oil expropriation dispute with the latter, the United Press reported Foreign Secretary Anthony Eden telling the House of Commons on October 22. While under the new agreement Ministers to London and Mexico City will be exchanged "we have made it known to the Mexican Government that we fully maintain our attitude regarding the oil dispute," the Foreign Secretary said.

The Bolivian Government is seeking to prevent any interposing of the United States Government is the dispute between the government of the former and the Standard Oil Co. of New Jersey, whose subsidiary, Standard Oil Co. of Bolivia, had its properties in Bolivia seized by the Government in early 1937. The oil company pointed out in a statement this week that regardless of any law such as that ruling in Bolivia which prohibits a foreign company from seeking aid from its own Government in the event of a dispute with Bolivia, the United States does not recognize the waiving of its right to interpose in the behalf of its nationals if it considers that international law has been violated.

William R. Boyd, Jr., Executive Vice President of the American Petroleum Institute since 1929, has been made President of the trade organization, it was announced this week. Mr. Boyd will fill out the unexpired term of Axtell J. Byles, former President of the Institute, who died on September 28.

There were no major crude oil price changes posted during the week.

A gain of 13% over the relatively low actual demand for motor fuel in the comparative month last year was estimated for November by the United States Bureau of Mines which placed probable domestic demand for gasoline during next month at 55,500,000 barrels. With the return of 40 American tankers from Eng-

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Steel Production Affected By Coal Strike

The Oct. 30 issue of the "Iron Age" stated that the coal strike, so dangerous to the national defense program that it seemed destined to a swift death at the hands of an aroused public, had an immediate effect on steel output, and vital statistics on the strange situation whereby a few labor leaders (not the rank and file of workers) are able to cripple defense work are beginning to come out.

The loss in steel output for this week, if the strike in steel company owned coal mines continues through the week, will be about 55,000 tons for U. S. Steel Corp. plants alone, including 11,000 tons in the Youngstown area, 14,000 tons in Chicago and 30,000 tons at Pittsburgh. Heavy losses in production will inevitably be reported soon by other large steel companies if the coal strike continues since almost all steel companies are short of coal supplies due to the coal strike earlier this year.

While the security of the country itself seemed to be involved in the Roosevelt-Lewis struggle for control of the defense program, many classes of innocent bystanders were being trampled. Among these are the non-defense plants which are unable to get enough, or in some cases any, steel under the present priorities system. In many cases a few hundred tons of steel would permit them to stay in business. To see thousands of tons of steel lost because of the coal strike, and because of other strikes occurring in the last few months, puts the steel consuming plants suffering from priority rationing in a special class of mourners over the strike.

How deeply the priorities system is cutting into U. S. industry was again emphasized this week as the "Iron Age" priority poll of metalworking plants reached an advanced stage. Fifteen hundred plants have now filled out a questionnaire which seeks to show the effects of priorities on defense and non-defense plants in the metal products industry. Of these 1500 companies, 403 report a curtailment in operations because of priorities, while 912 declare that, so far, they have not yet suffered because of the operations of the priorities system. Other companies did not answer the question as to whether priorities have curtailed production but did report themselves affected by shortages of materials and equipment.

The number of companies reporting to the "Iron Age" a shortage of steel (not necessarily reducing operations but in some cases slashing inventories) has now reached 497 out of 1,500. Evidently the flood of priority ratings is keeping steel away from a large number of non-defense and some defense plants which might profitably use the excess material being directed to some priority-favored steel-consuming plants. In the latest 1,000 companies to mail questionnaires 50 companies reported a shortage of steel sheets and 26 others a lack of plates.

One hundred and eighty-eight companies of the latest 1,000 to report in the priorities survey declare themselves short of nonferrous metals. These include 46 short of brass, and 33 short of aluminum. Machine tool, small tool and "other machinery" shortages were reported by 85 of the latest 1000 companies to report.

In the steel industry, priority ratings constitute such a large percentage of current shipments that steel officials find the ratings are nullifying themselves. Complaints of slow deliveries are reaching the mills in greater number with the answer always the same—higher ratings held back the material in question. Meanwhile the steel industry has served notice that there is already more steel to allocate than ever before. On Oct. 24, steel output in the U. S. for 1941 topped the 66,982,000-ton mark for all of 1940 and headed toward a new yearly record of around 82 million tons. Iron and steel exports from the U. S. in August gained 29% over July to 617,477 gross tons but remained well below the August, 1940, total of 1,048,816 tons. This week brought another series of steel plant expansion announcements.

The steel scrap shortage this week was overshadowed somewhat by strike news but continued critical with shipments light in relation to consumption. The OPM is assembling mailing lists for distribution of forms which scrap producers, brokers and consumers must fill out starting Nov. 15 in connection with the recently announced full priority control over scrap. Affecting thousands of plants and individuals, the scrap order is one of the most sweeping taken so far.

Steel plant operations in the U. S. at midweek were at 94½%, down two points from last week, but strike uncertainties make revision in the rate likely. The Pittsburgh rate slumped 9 points to 90% while Chicago dropped 8½ to 93½% with Youngstown off four points to 94%.

Fabricated structural steel awards dropped to 13,925 tons from 25,500 tons last week, with outstanding lettings including 2,850 tons for a defense plant at Louisville, Ky., and 1,800 tons for an airplane motors testing building for Chevrolet in Tonowanda Township, N. Y.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Oct. 28, 1941, 2.30467c a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Oct. 28, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Oct. 28, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.67

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 1
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Oct. 27 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 99.9% of capacity for the week beginning Oct. 27, compared with 97.8% one week ago, 96.9% one month ago and 95.7% one year ago. This represents an increase of 2.1 points or 2.1%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		1941—					
Oct 7	94.2%	Jan 6	97.2%	Apr 7	99.3%	Jly 21	x96.0%
Oct 14	94.4%	Jan 13	98.5%	Apr 14	98.3%	Jly 28	x97.6%
Oct 21	94.9%	Jan 20	96.5%	Apr 21	96.0%	Aug 4	x96.3%
Oct 28	95.7%	Dec 30	95.9%	Apr 28	94.3%	Aug 11	x95.6%
Nov 4	96.0%	Jan 27	97.1%	May 5	96.8%	Aug 18	x96.2%
Nov 11	96.1%	Feb 3	96.9%	May 12	99.2%	Aug 25	x96.5%
Nov 18	96.6%	Feb 10	97.1%	May 19	99.9%	Sep 2	x96.3%
Nov 25	96.6%	Feb 17	94.6%	May 26	98.6%	Sep 8	96.9%
Dec 2	96.9%	Feb 24	96.3%	Jun 2	99.2%	Sep 15	96.1%
Dec 9	96.0%	Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%
Dec 16	96.8%	Mar 10	98.8%	Jun 16	99.0%	Sep 29	96.9%
Dec 23	80.8%	Mar 17	99.4%	Jun 23	99.9%	Oct 6	98.1%
		Mar 24	99.8%	Jun 30	x91.8%	Oct 13	98.4%
		Mar 31	99.2%	Jly 7	x94.9%	Oct 20	97.8%
				Jly 14	x95.2%	Oct 27	99.9%

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on Oct. 27, stated:

Steelmakers are paying greater attention to dates when high priority steel actually is to be used, in an effort to give deliveries to best advantage. So heavy has become the burden of top priority orders that schedules are difficult to formulate unless it is known which orders are needed earliest.

The situation has developed to a point where priorities mean relatively little and it is believed a broad system of allocations, as in pig iron, will be the only means to bring about efficient distribution. Already plates are practically under allocation and application to other products is believed near.

Substantial losses in steel production are the result of labor interference and lack of scrap is causing increased curtailment. Employes of Great Lakes Steel Corp. at Detroit have been out more than a week, causing loss of 5000 tons of steel, 2000 tons of pig iron and 1400 tons of coke each day. Uncertainty is caused by strike at captive coal mines, called for Oct. 27, after a truce of 30 days following a strike in September. Coke ovens have about a month's supply of coal, which would avert blast interruption for that period unless coke oven workers were drawn into the strike. Pig iron production in the Birmingham district was interrupted last week by strike of cokeoven workers.

Scrap shortage continues a major factor and interruption of steelmaking is becoming more frequent. Several open hearths have been shut down at Buffalo and similar action elsewhere has been averted by scrap being diverted to plants in need. Increasingly operations are being carried on without reserves, on the basis of daily shipments. The allocations plan has not been applied, awaiting reports from the industry. Fundamental differences between the scrap trade and other branches of the steel industry result in new problems when allocation is attempted. One result expected is diminution of direct dealing between producer and consumer, which has increased greatly in recent months.

Labor interruption at Detroit, which reduced production there to one-third capacity, and shutdown of several open hearths at Buffalo because of scrap shortage, caused the production rate to drop 1 point to 95½% last week. Small increases at several other points were not sufficient to overcome the sharp drop at these points. Detroit rate declined 36 points to 32% of capacity and Buffalo 9½ points to 83½%. Cleveland also dropped 2 points to 97% as an open hearth was taken off. Chicago advanced 1 point to 102%, Pittsburgh 1 point to 99%, Wheeling 1 point to 94% and Cincinnati 3½ points to 91½%. Rates were maintained unchanged at: St. Louis, 83; Birmingham, 95; Eastern Pennsylvania, 93; New England, 90; Youngstown, 98.

Lack of semifinished steel is limiting production of wire and wire products, the most apparent squeeze being in nails. Wood construction of cantonments and storehouses by the army has required an unusual quantity of nails and delivery for civilian purposes is now deferred several weeks.

Tin plate demand and production continue at a high rate after some labor interruption at the Gary mill. Supplies of plate for tinning are in better volume than recently. Users of copper, brass and aluminum for miscellaneous purposes are turning to tin plate as their usual sources of supply are not available. Army and navy buying for 1942 delivery is heavy.

Recent advance of a cent per pound in the ceiling price on zinc has added to difficulties of galvanized producers, their costs already high. As a result they believe they should be allowed a higher price. The spread between black and galvanized sheets is said to be far less than the cost of conversion.

September consumption of Lake Superior iron ore was at the high rate for August, though the total for the month was slightly lower, due to one less day of operation. Total consumption to Oct. 1 was 56,160,488 gross tons, compared with 44,228,922 tons in nine months last year.

For the third consecutive week automobile production last week registered a gain. Output was 91,855 cars, a gain of 6255 over the preceding week. A year ago the figure was 117,080 cars.

Composites continue unchanged, finished steel $56.60, iron and steel $38.15 and steelmaking scrap $19.16.

On The Foreign Front

European Stock Markets

Modest movements were reported in recent sessions of the leading European financial markets, with tenseness apparent everywhere as decisions were awaited in the vast military and diplomatic conflicts of the world. There were occasional mild flurries of interest in sections of the markets. Such tendencies usually flickered and died rapidly. All in all, the main trend was toward slightly lower levels, notwithstanding a flight from currency which almost everywhere is in progress.

The London Stock Exchange was cheerful during the latter part of last week, and a good impression was occasioned at the opening, Tuesday, following the speech by President Roosevelt. Gilt-edged stocks held throughout, but in the more speculative departments concern over the Russian situation was reflected in a slow dwindling of price levels. Jap-

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Petroleum And Its Products

(Continued from page 821)

land to be placed once again in the Gulf-East Coast run, the trade faces the higher demand confident that it can meet all demands since the transportation bottleneck has been eliminated.

The Bureau of Mines pointed out that the prospects of improved transport facilities to the East Coast and of increasing export and naval requirements indicate the continuance of peak operations in all refinery districts from the Gulf to the East Coast. The Bureau forecast for the winter months, therefore, now indicates national runs of crude to stills of more than 4,000,000 barrels daily, with probable demand for domestic crude oil of at least 4,050,000 barrels daily.

Overall total production of high test aviation gasoline will be only 57,829 barrels daily by 1943, a survey of refinery facilities for this type of refined product disclosed, as Coordinator Ickes this week in Washington called for immediate aggressive action by the industry to reach a goal of 100,000 barrels daily by the first of 1943. Even the 100,000-barrel level may prove insufficient to meet the heavy, rapidly expanding demand for 100-octane aviation gasoline, Mr. Ickes stressed.

A gain of 759,000 barrels in stocks of finished, unfinished and aviation gasoline lifted the total during the October 25 week to 83,34?,000 barrels, the American Petroleum Institute reported. Refinery operations were off from 95.7% of capacity to 94.2% during the October 25 period, with daily average runs of crude to stills dipping 60,000 barrels to 4,0?0,000 barrels. Holdings of gas oil and distillates rose 780,000 barrels to 53,183,000 barrels, while inventories of residual fuel oils were off 505,000 barrels at 95,295,000 barrels.

Only price change of any consequence in the major refined product markets was the October 22 markup of 10 cents a barrel in Gulf Coast postings for Diesel oil which moved to $1.65 a barrel at all major Gulf ports. Prices of kerosene and heating oils continued to show seasonal firmness. Postings on motor fuel were quiet although the undertone of the market was strong.

Despite the removal of the restrictions upon the use of motor fuel in the East and the ending of the 12-hour curfew, it was indicated that most areas would continue to have night shutdowns of service stations. Although the service station operators fought the move when Coordinator Ickes first announced the compulsory shutdowns from 7 p.m. to 7 a.m., they have found out that the nightly closings failed to curtail their gross sales and did reduce their operating costs materially. Competitive conditions will determine the final issue of whether nightly closings of service stations are here to stay, or will vanish with the removal of the restrictions.

Price change follow:

October 22—Diesel fuel oil prices were advanced 10 cents a barrel to $1.65 at Gulf Coast ports.

Calif. Business At Peak

Business activity in California during September again rose to a new peak, according to the current "Business Outlook" released by the Wells Fargo Bank & Union Trust Co. of San Francisco. The Wells Fargo index of California business stood at 165.2% of the 1935-39 average in September as against 163.6 in the preceding month and 117.7 in September a year ago.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
Week Ended 1941—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders

Fertilizer Association Commodity Price Index Recovers Portion Of Preceding Week's Loss

The general level of wholesale commodity prices was slightly higher last week, according to the price index compiled by The National Fertilizer Association and issued Oct. 27. This index in the week ended Oct. 25, 1941, rose to 115.9 from 115.5 in the preceding week. It was 116.7 a month ago and 97.9 a year ago, based on the 1935-1939 average as 100. The highest point registered by the index for the year to date was 117.2, in the week of Oct. 4; the low point for the year was 99.8, recorded in February.

A sharp upturn in the farm products price average was mainly responsible for the advance in the all-commodity index. Cotton continued to drop off, but grain and livestock quotations were considerably higher. In the textile group price advances outnumbered declines resulting in a small increase in the textile price average. The building material index moved to a new high level, with an advance in southern pine more than offsetting a decrease in the price of linseed oil. The food group index was slightly lower, due primarily to declining meat prices. The index representing the prices of miscellaneous commodities again moved to lower levels, the result of decreases in cattle feed prices. The only other group average to register a change was the fertilizer material index, which declined fractionally due to a recession of one of the organics.

During the week price advances outnumbered declines 30 to 19; in the preceding week there were 21 advancs and 36 declines; in the second preceding week there were 12 advances and 30 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Oct. 25 1941	Preceding Week Oct. 18 1941	Month Ago Sept. 20 1941	Year Ago Oct. 26 1940
25.3	Foods	113.2	113.8	113.2	90.2
	Fats and Oils	122.5	116.3	129.8	64.0
	Cottonseed Oil	145.3	133.4	157.9	60.5
23.0	Farm Products	114.0	111.9	120.5	87.2
	Cotton	148.4	150.2	165.2	87.4
	Grains	103.3	94.9	110.0	87.1
	Livestock	109.5	108.0	114.3	85.4
17.3	Fuels	112.3	112.3	110.8	101.3
10.8	Miscellaneous Commodities	125.2	125.3	126.3	110.1
8.2	Textiles	137.5	137.2	139.5	107.4
7.1	Metals	104.0	104.0	103.8	103.3
6.1	Building Materials	131.5	130.8	123.5	116.7
1.3	Chemicals and Drugs	112.3	112.3	107.6	103.5
.3	Fertilizer Materials	114.5	114.6	114.2	104.2
.3	Fertilizers	107.5	107.5	107.1	103.0
.3	Farm Machinery	100.2	100.2	99.7	99.5
100.0	All Groups Combined	115.9	115.5	116.7	97.9

*Base period changed Jan. 4 from 1926-1928 average to 1935-39 average as 100. Indexes on 1926-1928 average were: Oct. 25, 1941, 90.3; Oct. 18, 1941, 90.0; Oct. 26, 1940, 76.3.

Weekly Coal And Coke Production Statistics

The current coal report of the Bituminous Coal Division, U. S. Department of the Interior showed that the total production of soft coal in the week ended Oct. 18 is estimated at 10,900,000 net tons. This is a decrease of 250,000 net tons, or 2.1% from the output in the preceding week, which was the highest since last March.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Oct. 18 was estimated at 1,233,000 tons, a decrease of 48,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 850,000 net tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL (IN THOUSANDS OF NET TONS), WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended Oct. 18 1941	Week Ended Oct. 11 1941	Week Ended Oct. 19 1940	Calendar Year to Date c 1941d	Calendar Year to Date c 1940	Calendar Year to Date c 1929
Bituminous coal a						
Total, including mine fuel	10,900	11,150	8,289	393,637	356,494	423,403
Daily average	1,817	1,858	1,381	1,608	1,440	1,702
Crude petroleum b						
Coal equivalent of weekly output	6,584	6,521	5,875	253,028	248,604	185,905

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook", 1939, page 702). c Sum of 42 weeks ended Oct. 18 and corresponding 42 weeks of 1940 and 1929. d Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended Oct. 18 1941	Week Ended Oct. 11 1941	Week Ended Oct. 19 1940	Calendar Year to Date 1941	Calendar Year to Date 1940 a	Calendar Year to Date 1929 a
Penn. Anthracite—						
Total, incl. colliery fuel b	1,233,000	1,281,000	850,000	44,185,000	40,114,000	57,630,000
Comm'l production c	1,171,000	1,217,000	808,000	41,981,000	38,108,000	53,481,000
Beehive Coke—						
U. S. Total	156,600	124,800	88,600	4,925,100	1,982,600	5,461,700
Daily average	26,100	20,800	14,767	19,780	7,962	21,935

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Oct. 11, 1941	Week Ended Oct. 4, 1941	Week Ended Oct. 12, 1940	Week Ended Oct. 14, 1939	Week Ended Oct. 12, 1929	Oct. average 1923 e
Alaska	3	4	2	3	(f)	(f)
Alabama	350	356	285	283	382	398
Arkansas and Oklahoma	116	104	64	89	138	88
Colorado	159	165	129	166	206	217
Georgia and North Carolina	1	1	1	1	(f)	(f)
Illinois	1,040	1,033	885	1,153	1,318	1,558
Indiana	485	478	300	389	376	520
Iowa	47	41	56	69	83	116
Kansas and Missouri	131	142	110	165	160	161
Kentucky—Eastern	963	956	684	976	1,051	764
Western	200	215	131	185	340	238
Maryland	37	36	25	38	56	35
Michigan	7	8	11	12	18	28
Montana	89	90	63	77	82	82
New Mexico	21	20	18	27	54	58
North and South Dakota	68	65	68	83	f43	f36
Ohio	686	748	326	530	568	817
Pennsylvania bituminous	2,715	2,711	2,318	2,666	3,056	3,149
Tennessee	145	145	100	138	104	118
Texas	9	8	8	16	22	26
Utah	104	106	79	117	137	121
Virginia	423	396	297	370	268	231
Washington	47	47	31	43	47	68
West Virginia—Southern a	2,269	2,227	1,737	2,266	2,283	1,488
Northern b	872	859	493	713	817	805
Wyoming	163	163	124	140	170	184
Other Western States c	*	1	1	*	f8	f4
Total bituminous coal	11,150	11,125	8,346	10,715	11,787	11,310
Pennsylvania anthracite d	1,281	1,049	912	1,240	1,884	1,968
Total, all coal	12,431	12,174	9,258	11,955	13,671	13,278

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Bank Debits Up 46% From Last Year

Bank debits as reported by banks in leading centers for the week ended Oct. 22 aggregated $12,884,000,000. Total debits during the 13 weeks ended Oct. 22 amounted to $133,628,000,000, or 30% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 27% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 31%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District	Week Ended Oct. 22, 1941	Week Ended Oct. 23, 1940	13 Weeks Ended Oct. 22 1941	13 Weeks Ended Oct. 23, 1940
Boston	759	600	7,314	5.901
New York	5,194	3,379	52.410	41.320
Philadelphia	735	445	7.364	5.396
Cleveland	886	621	9.951	7.616
Richmond	535	359	5.502	4.065
Atlanta	432	297	4.456	3.258
Chicago	1,909	1,366	20.417	15.429
St. Louis	419	305	4.387	3.135
Minneapolis	254	174	2,752	2.110
Kansas City	396	293	4.405	3.382
Dallas	358	243	3,497	2.567
San Francisco	1,008	731	11,174	8.873
Total, 274 reporting centers	12 884	8,814	133.628	103.053
New York City*	4 758	3 052	47.805	37.572
140 Other leading centers*	7.024	4.985	74.060	56.442
133 Other centers	1,102	777	11,763	9.038

* Included in the national series covering 141 centers, available beginning with 1919.

Condition Of All Active Banks On June 30

In a compilation issued Oct. 18, Preston Delano, Comptroller of the Currency, lists the assets and liabilities of all active banks in the United States and possessions on June 30, 1941, and comparisons of such figures with the assets and liabilities of all active banks on Dec. 31, 1940, and June 29, 1940.

Assets of the 14,918 active banks on June 30 last, the Comptroller reported, amounted to $87,828,719,000 as against $85,571,902,000 (14,955 banks) Dec. 31, 1940, and $80,213,629,000 (15,017 banks) on

June 29, 1940. Of the total resources for June 30, 1941, the 5,136 National banks had $41,314,635,000, while 9,178 State (commercial) banks had $34,334,642,000; 550 mutual savings banks, $11,996,107,000, and 54 private banks, $183,335,000. The 14,918 banks held deposits on June 30 last of $78,549,329,000 (in comparison with $76,407,885,000 and $71,153,458,000, respectively, six months and a year ago. The June 30, 1941 total comprises $37,351,303,000 held by National banks, $30,397,000,000 by State banks, $10,648,489,000 by mutual savings banks, and $152,537,000 by private banks.

The principal assets of all banks on the latest date were: Loans on real estate, $9,633,305,000; other loans, including overdrafts, $15,910,133,000; United States Government obligations, direct and guaranteed, $23,577,061,000; obligations of State and political subdivisions, $4,206,526,000; other bonds, notes and debentures, $4,242,115,000, and balances with other banks, including reserve balances, $25,471,008,000.

Aside from deposits, the principal liabilities included: Surplus, $3,616,763,000; common stock, $2,610,607,000; preferred stock, $331,087,000, and undivided profits, $1,247,041,000.

The Comptroller's compilation follows:

(In thousands of dollars)

	June 30, '41	Dec. 31, '40	June 29, '40
Number of banks	14,918	14,955	15,017
Assets—			
Loans on real estate	$9,633,305	$9,436,945	$9,257,868
Other loans, including overdrafts	15,910,133	14,530,531	13,299,802
Total loans	$25,543,438	$23,967,476	$22,557,670
U. S. Government securities:			
Direct obligations	18,892,790	16,788,834	15,734,666
Guaranteed obligations	4,684,271	4,239,964	3,975,835
Obligations of States and political subdivisions	4,206,526	4,339,983	4,230,472
Other bonds, notes and debentures	4,242,115	4,416,238	4,404,188
Corporate stocks, including stock of Federal Reserve banks	704,030	743,555	729,746
Total investments	$32,729,732	$30,528,574	$29,074,909
Currency and coin	1,408,306	1,407,364	1,148,589
Balances with other banks, including reserve balances	25,471,008	26,846,418	24,535,268
Bank premises owned, furniture and fixtures	1,222,200	1,223,787	1,239,300
Real estate owned other than bank premises	834,353	930,106	971,279
Investments and other assets indirectly representing bank premises or other real estate	144,408	144,002	155,474
Customers' liability on acceptances outstanding	90,360	104,269	100,432
Interest, commissions, rent, and other income earned or accrued but not collected	157,961		154,756
Other assets	226,953	419,906	275,952
Total assets	$87,828,719	$85,571,902	$80,213,629
Liabilities—			
Deposits of individuals, partnerships and corporations:			
Demand	$35,571,528	$33,636,143	$29,981,981
Time	26,247,184	26,072,015	25,826,452
U. S. Government and postal savings deposits	800,326	805,449	883,355
Deposits of States and political subdivisions	4,140,029	3,939,312	3,713,597
Deposits of banks	10,982,431	10,973,203	10,213,188
Other deposits (certified and cashiers' checks, &c.)	807,831	981,763	534,885
Total deposits	$78,549,329	$76,407,885	$71,153,458
Bills payable, rediscounts and other liabilities for borrowed money	22,559	25,060	26,969
Acceptances executed by or for account of reporting banks	106,594	120,773	117,220
Interest, discount, rent and other income collected but not earned	101,181		81,155
Interest, taxes and other expenses accrued and unpaid	114,899	608,626	102,584
Other liabilities	409,638		407,116
Total liabilities	$79,304,200	$77,162,344	$71,888,502
Capital Accounts—			
Capital notes and debentures	$113,311	$123,134	$128,171
Preferred stock	331,087	347,613	367,892
Common stock	2,610,607	2,599,772	2,995,730
Surplus	3,616,763	3,561,155	3,492,259
Undivided profits	1,247,041	1,186,924	1,178,771
Reserves for retirement account for preferred stock and capital notes and debentures	605,710	590,960	562,304
Total capital accounts	$8,524,519	$8,409,558	$8,325,127
Total liabilities and capital accounts	$87,828,719	$85,571,902	$80,213,629

ASSETS AND LIABILITIES OF ALL ACTIVE BANKS IN THE UNITED STATES AND POSSESSIONS, BY CLASSES, AT THE CLOSE OF BUSINESS JUNE 30, 1941

(In thousands of dollars)

	Total all banks	National banks	All banks other than National	*State (commercial)	Mutual savings	Private
			Banks other than National			
Number of banks	14,918	5,136	9,782	9,178	550	54
Assets—						
Loans and discounts:	$	$	$	$	$	$
Commercial and industrial loans	7,944,418	4,698,523	3,245,895	3,216,055	402	29,438
Agricultural loans	1,211,640	620,833	590,807	590,160	115	532
Open-market paper	638,008	361,117	276,891	263,950	9,420	3,521
Loans to brokers and dealers in securities	615,086	237,898	377,188	371,139	30	6,019
Other loans for the purpose of purchasing or carrying stocks, bonds and other securities	726,371	355,985	370,386	364,020	667	5,699
Real estate loans:						
On farm land	601,598	233,956	367,642	352,181	15,051	410
On residential properties	7,931,331	1,456,662	6,474,669	1,671,308	4,801,591	1,770
On other properties	1,100,376	491,043	609,333	567,492	41,671	170
Loans to banks	45,777	20,436	25,341	25,341	------	------
All other loans	4,716,787	2,439,476	2,277,311	2,182,060	88,982	6,269
Overdrafts	12,046	6,554	5,492	4,948	38	506
Total loans and discounts	25,543,438	10,922,483	14,620,955	9,608,654	4,957,967	54,334
Investments:						
U. S. Gov't direct obligations	18,892,790	8,856,499	10,036,291	7,030,957	2,969,887	35,447
Obligations guaranteed by U. S. Gov't:						
Reconstruction Finance Corp.	1,532,277	548,294	983,983	846,825	131,373	5,785
Home Owners' Loan Corp.	1,743,519	1,046,672	696,847	489,396	205,819	1,632
Federal Farm Mortgage Corp.	605,095	279,849	325,246	257,980	67,093	173
Other Gov't corporations and agencies	803,380	404,638	398,742	342,351	51,852	4,539
Total U. S. Gov't obligations,, direct & guaranteed	23,577,061	11,135,952	12,441,109	8,967,509	3,426,024	47,576
Obligations of States and political subdivisions	4,206,526	2,020,242	2,186,284	1,644,111	536,244	5,929
Other bonds, notes and debentures						
U. S. Gov't corporations and agencies not guaranteed by United States:						
Federal land banks	182,756	100,984	81,772	73,264	4,687	3,841
Federal intermediate credit banks	199,523	110,866	88,657	84,748	3,203	706
Other Gov't corporations and agencies	190,793	111,872	78,921	76,972	1,373	576
Other domesic corporations:						
Railroads	1,508,727	449,558	1,059,169	418,495	639,613	1,061
Public utilities	1,061,543	306,258	755,285	295,592	457,735	1,958
Industrials	667,369	344,975	322,394	277,939	42,587	1,868
All other	204,031	68,556	135,475	102,104	32,777	594
Foreign — public and private	227,373	97,122	130,251	82,921	47,079	251
Total other bonds, notes and debentures	4,242,115	1,590,191	2,651,924	1,412,035	1,229,034	10,855
Stocks of Federal Reserve banks & other domestic corporations	697,086	207,211	489,875	312,999	170,936	5,940
Stocks of foreign corporations	6,944	1,198	5,746	5,743	3	------
Total investments	32,729,732	14,954,794	17,774,938	12,342,397	5,362,241	70,300
Currency and coin	1,408,306	709,458	698,848	620,896	76,281	1,671
Balances with other banks, including reserve balances & cash items in process of collection	25,471,008	13,812,200	11,658,808	10,720,782	891,847	46,179
Bank premises owned, furniture and fixtures	1,222,200	592,897	629,303	508,833	119,942	528
Real estate owned other than bank premises	834,353	96,568	737,785	238,503	498,304	978
Investments and other assets indirectly representing bank premises or other real estate	144,408	61,764	82,644	69,072	13,456	27
Customers' liabilities on acceptances outstanding	90,360	49,977	40,383	34,070	------	6,313
Interest, commissions, rent, and other income earned or accrued but not collected	157,961	61,469	96,492	55,006	41,254	232
Other assets (including surance and other expenses prepaid, & cash items not in process of collection)	226,953	53,025	173,928	136,429	34,726	2,773
Total assets	87,828,719	41,314,635	46,514,084	34,334,642	11,996,107	183,335
Liabilities—						
Demand deposits:						
Deposits of individuals, partnerships & corporations	35,571,528	19,194,051	16,377,477	16,278,852	3,012	95,613
Deposits of U. S. Gov't.	733,523	498,900	234,623	234,557	66	------
Deposits of States and political subdivisions	3,634,724	2,200,817	1,433,907	1,431,951	441	1,515
Deposits of banks in the United States	9,893,403	6,151,745	3,741,658	3,722,130	52	19,476
Deposits of banks in foreign countries	769,805	337,633	432,172	411,523	1	20,648
Total demand depos.	50,602,983	28,383,146	22,219,837	22,079,013	3,572	137,252
Time deposits:						
Deposits of individuals, partnerships & corporations:						
Savings deposits	23,988,580	7,152,681	16,835,899	6,244,300	10,584,220	7,379
Certifs. of deposit	1,174,919	504,332	670,587	666,871	442	3,274
Deposits accumulated for payment of personal loans	129,477	55,138	74,339	73,867	472	------
Christmas savings & similar accounts	235,132	91,237	143,895	85,006	57,928	961
Open accounts	719,076	238,925	480,151	477,690	377	2,084
Postal savings deposits	66,803	42,037	24,766	24,766	------	------
Deposits of States and political subdivisions	505,305	328,362	176,943	175,937	810	196
Deposits of banks in the United States	311,919	96,944	214,975	214,607	167	201
Deposits of banks in foreign countries	7,304	5,323	1,981	1,981	------	------
Total time deposits	27,138,515	8,514,979	18,623,536	7,965,025	10,644,416	14,095
Other deposits (certified and cashiers' checks (including dividend checks), letters of credit and travelers' checks sold for cash, and amounts due to reserve agents (transit account))	807,831	453,178	354,653	352,962	501	1,190
Total deposits	78,549,329	37,351,303	41,198,026	30,397,000	10,648,489	152,537
Bills payable, rediscounts, and other liabilities for borrowed money	22,559	2,005	20,554	20,248	14	292
Acceptances executed by or for account of reporting banks and outstanding	106,594	59,379	47,215	40,094	------	7,121
Interest, discount, rent and other income collected but not earned	101,181	55,644	45,537	45,134	337	66
Interest, taxes, and other expenses accrued and unpaid	114,899	56,215	58,684	50,031	8,525	128
Other liabilities (including securities borrowed and dividends declared but not payable)	409,638	191,948	217,690	192,532	21,811	3,347
Total liabilities	79,304,200	37,716,494	41,587,706	30,745,039	10,679,176	163,491
Capital Accounts—						
Capital stock:						
Capital notes and debentures	113,311	------	113,311	106,170	7,141	------
Preferred stock	331,087	184,441	146,646	146,646	------	------
Common stock	2,610,607	1,338,942	1,271,665	1,264,755	------	6,910
Surplus	3,616,763	1,336,090	2,280,673	1,396,448	872,796	11,429
Undivided profits	1,247,041	498,376	748,665	436,706	311,622	337
Reserves and retirement account for preferred stock and capital notes and debentures	605,710	240,292	365,418	238,878	125,372	1,168
Total capital accounts	8,524,519	3,598,141	4,926,378	3,589,603	1,316,931	19,844
Total liabilities and capital accounts	87,828,719	41,314,635	46,514,084	34,334,642	11,996,107	183,335

*Includes trust companies and stock savings banks.

Foreign Front

(Continued from page 821)

anese bonds fell sharply, in view of the growing tension in the Far East. The London market yesterday became increasingly dull and closed on a flat note.

Daily reports are scarce of doings on the larger Continental markets, but it appears that the general trend is much like that at London. French and German exchanges reflect spasmodic buying, with the heavy regulatory hand of government usually modifying the activity. On the Amsterdam Bourse a spurt occurred late last week, in issues of companies domiciled in the East Indies and the United States. Domestic Dutch securities were dull, and the buying of external issues came almost to a halt this week.

The Road to War

Under steady pressure from the White House, the United States moved rapidly this week along the road to all-out participation in the European conflict and perhaps also in the Asiatic war. Repeal of the neutrality legislation was suggested last week by President Roosevelt, in place of the initial proposal for permitting the arming of American merchant ships. Both the amendment to the Neutrality Act and the fresh $5,985,000,000 lend-lease appropriation were under steady consideration in Congress, with action likely in a matter of 10 days to two weeks.

It is on the change in the neutrality law that the most dramatic fight developed this week, many Senators seeing in the proposed changes an inevitable step toward war. Although the Administration is said to feel confident of adequate support, preliminary polls of the Senators leave some doubt as to the outcome. The debate, in any event, promises to be decisive, for there is no longer any doubt regarding the trend of policy. The lend-lease appropriation is reported likely of acceptance without reservations as to aid to Russia, as well as the democracies. In testimony before appropriate committees and in separate speeches, Cabinet members continued to call loudly for warlike measures, and such statements necessarily must be regarded as reflections of White House views.

In two messages of recent days, President Roosevelt moved to the forefront of this vitally important debate, calling in both cases for destruction of Hitlerism. A Navy Day address on Monday was perhaps the more vigorous of these pronouncements, and assuredly was the more startling. But Mr. Roosevelt last Saturday made much the same views clear in a message to the Foreign Policy Association, in which he urged the destruction of Hitlerism as the "real and inescapable end of United States foreign policy." He expressed the view that the country "will not shrink from that responsibility nor quail before whatever sacrifices it may demand."

The Navy Day speech, which followed, probably will mark a turning point in the official attitude toward the world war and the intentions of the Administration. "The shooting has started," Mr. Roosevelt proclaimed, as he mentioned in bitter tones the attack on the destroyer Kearny, in which eleven men were killed. "History has recorded who fired the first shot," he added. "In the long run, however, all that will matter is who fired the last shot." The President declared that America has been attacked by the Nazis, with a view to frightening the American people off the seas. The American spirit now is aroused, he said.

As examples of Hitler's intentions, Mr. Roosevelt not only repeated the usual charges of am-

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Foreign Front

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bitions from domination of the world, but added some alleged items in the design of the Nazi world order. A secret German map of South America and part of Central America, which he asserted is in his possession, was said by the President to indicate a proposal by Hitler to obliterate all existing boundary lines and divide all of South America into five vassal States, the Panama Canal to be included in such dominated areas. A second German aim, as proclaimed by Mr. Roosevelt on the basis of a document in possession of the Government, is to abolish all existing religions, seize all church property, liquidate the clergy and set up an international Nazi church.

"The forward march of Hitler and of Hitlerism can be stopped and it will be stopped," Mr. Roosevelt continued. "Very simply and very bluntly, we are pledged to pull our own oar in the destruction of Hitlerism. And when we have helped to end the curse of Hitlerism, we shall help to establish a new peace which will give to decent people everywhere a better chance to live and prosper in security and in freedom and in faith." The primary task is to increase production and to provide more and more arms for the men who are fighting on actual battlefronts, the President said.

These statements as to German intentions were hotly denied in Berlin, as Mr. Roosevelt suggested in advance that they would be. The American reaction to the speech was mixed, interventionists applauding while isolationists scored the address as a personal and unconstitutional move toward war. It is evident that the speech will harden lines in Congress and narrow the issue to one of participation in foreign war or defense of our own shores.

Far East

Unrelieved from week to week is the ominous threat of expanded military operations by Japan in the Far East, with the possibility of counter action by the United States Government equally grim. The dangers have been emphasized anew by the retirement of the Konoye Cabinet in favor of the regime headed by the out-and-out militarist, General Hideki Tojo. In all his utterances, Premier Tojo has made it clear that there is no retreat for Japan and that fresh military adventures beckon.

Our own verbose Secretary of the Navy, Frank Knox, was reported last week as saying to a group of naval ordnance manufacturers in Washington, that the Far Eastern situation is "extremely strained." If Japan persists in her policy, the Secretary reputedly said, war is almost inevitable and might come on very short notice. Any clash, he admitted, would eliminate Vladivostok as a port of entry for aid to Russia. The reports of these comments were not denied in any particular.

There were indications, on the other hand, of further diplomatic conversations between American and Japanese authorities, presumably with a view to exploring all possibilities of amicable adjustments. The lesser diplomatic officials are carrying on these talks, and it remains significant that President Roosevelt persistently omits all reference to Japan, in his public challenges to aggressors. Also of some importance is the fact that the personal notes exchanged several months ago by Mr. Roosevelt and former Premier Konoye have not been disclosed.

It now is taken for granted in Washington that fresh Japanese aggressions would be directed against the Maritime Province of Siberia. The possibility of a move southward is not to be ruled out, but all reports from China suggest a heavy concentration of Japanese forces along the border between Manchukuo and Siberia. The desperate plight of Russia in Europe is said to have occasioned some transfers of Red Army troops to the Moscow area from the Far East, and any weakening of Russian forces may be regarded by the insatiable Japanese militarists as a signal for a fresh offensive.

Rumors of frontier skirmishes in the Far East were confirmed by Russian sources, last Monday, and specific data were supplied. A score or more of Japanese troops made a sortee over the border near the village of Raskino, but all were driven back, and members of both forces sustained injuries, Moscow authorities said. Similar skirmishes have occurred numberless times in recent years, and it may be that the latest incident merely extends the series. There is now a chance, however, that a desperate purpose animates the Japanese, who may be feeling for "soft spots" as a preliminary to vast invasion efforts.

Aid to Russia

However good the intentions of the United States and British Governments may be with respect to the aid so liberally promised to Russia, recent events have indicated clearly that the performance may be far more difficult than the promise. Stubborn resistance by the Russians to the German invaders has occasioned an unremitting clamor in England for an invasion attempt in Western Europe. The dangers of such maneuvers are obvious enough to the military mind, but the public is less inclined to remember the bitter experiences in Belgium, Norway, France and Greece.

Great rallies were held in London early this week, to urge Prime Minister Winston Churchill and his associates the establishment of a second front across the Channel. Spokesmen for the Government tried to still the clamor, which is based partly upon the perplexing possibility that this may be the last chance for a genuine two-front war against the Nazis. Foreign Secretary Anthony Eden and First Lord of the Ad-

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Automobile Financing In Aug. Above Last Year

August figures on automobile financing, announced Oct. 27 by Director J. C. Capt, Bureau of the Census, Department of Commerce, showed that the dollar volume of retail automobile financing for 400 organizations amounted to $172,801,070, a decrease of 18%, as compared with July 1941; an increase of 25.3% as compared with August 1940 and an increase of 48% as compared with August 1939. The volume of wholesale financing for August 1941 amounted to $91,772,722, a decrease of 54.6% compared with July 1941; an increase of 117.9% as compared with August 1940; and an increase of 95% as compared with August 1939.

The volume of retail automobile receivables outstanding at the end of August 1941, as reported by 214 organizations amounted to $1,560,029,489. These 214 organizations accounted for 95.1% of the total volume of retail financing, $172,801,070, reported for that month by the 400 organizations.

The table below presents statistics of wholesale and retail financing for 400 organizations in August; figures of automobile financing for the month of July 1941, were published in the Oct. 16, 1941 issue of the "Chronicle," page 630.

		Retail Financing (400 Organizations)					
			New Cars			Used and Unclassified Cars	
Year and Month	Wholesale Financing Volume in Thousand Dollars	Number of Cars	Total Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars
1941—							
July	202,022	455,830	210,627	151,157	110,624,530	304,673	100,003,457
August	91,772	a381,511	172,801	110,782	83,518,477	270,729	89,282,593
Total (8 mo. end. Aug.)	1,775,356	3,486,438	1,615,255	1,235,268	890,156,634	2,251,170	725,098,447
1940—							
July	141,977	392,659	166,034	138,746	92,744,269	253,913	73,290,043
August	42,111	334,881	137,961	104,242	71,574,340	230,639	66,386,365
Total (8 mo. end. Aug.)	1,353,056	2,755,746	1,165,504	988,719	654,755,680	1,767,027	510,748,506
1939—							
July	100,489	300,115	121,737	103,845	67,000,101	196,270	54,737,040
August	47,058	291,898	116,747	94,819	62,073,551	197,079	54,674,293
Total (8 mo. end. Aug.)	997,213	2,299,030	925,339	788,478	504,926,921	1,510,552	420,412,328

a Of this number 29% were new cars, 70.6% were used cars, and 0.3% unclassified.

RETAIL AUTOMOBILE RECEIVABLES OUTSTANDING END OF MONTH AS REPORTED BY 214 IDENTICAL ORGANIZATIONS

	1941 $	1940 $		1941 $	1940 $
January	1,180,906,448	876,699,079	July	1,542,871,600	1,105,275,234
February	1,208,702,083	887,096,773	August	1,560,029,489	1,116,928,055
March	1,255,223,503	918,645,709	September	--------	1,097,627,143
April	1,340,696,165	971,940,670	October	--------	1,114,526,350
May	1,432,542,508	1,021,533,732	November	--------	1,137,469,065
June	1,499,983,244	1,063,638,452	December	--------	1,166,050,596

September Automobile Production Below 1940

An increase of 58% in factory sales of automobiles for September 1941 as compared with August 1941 as indicated by the statistics released Oct. 27 by Director J. C. Capt, Bureau of the Census, Department of Commerce.

Factory sales of automobiles manufactured in the United States, including complete units or vehicles reported as assembled in foreign countries from parts made in the United States, for September 1941 consisted of 234,255 vehicles, of which 167,790 were passenger cars and 66,465 commercial cars, trucks, or road tractors, as compared with 147,600 vehicles in August 1941, 269,108 vehicles in September 1940, and 188,757 vehicles in September 1939. These statistics comprise data for the entire industry.

Statistics for 1941 are based on data received from 69 manufacturers in the United States, 20 making passenger cars and 63 making commercial cars, trucks, or road tractors (14 of the 20 passenger car manufacturers also making commercial cars, trucks, or road tractors). It should be noted that those making both passenger cars and commercial cars, trucks, or road tractors have been included in the number shown as making passenger cars and in the number shown as making commercial cars, trucks, or road tractors, respectively. The figures for passenger cars include those for taxicabs. The figures for commercial cars, trucks, and road tractors include those for ambulances, funeral cars, fire apparatus, street sweepers, station wagons, and buses, but the number of such special purpose vehicles is very small and hence a negligible factor in any analysis for which the figures may be used. Canadian production figures are supplied by the Dominion Bureau of Statistics. Figures for previous months appeared in our issue of Oct. 9, page 522.

NUMBER OF VEHICLES (INCLUDING CHASSIS)

	United States (Factory Sales)			Canada (Production)		
Year and month	Total (all vehicles)	Passenger cars	Trucks, etc.	Total	Passenger cars	Commercial cars and trucks
1941—						
August	147,600	78,529	69,071	17,192	3,160	14,032
September	234,255	167,790	66,465	14,496	2,548	11,948
Total (9 mos. end. Sept.)	3,821,978	3,017,669	804,309	209,213	74,756	134,457
1940—						
August	75,873	46,823	29,050	13,993	1,510	12,483
September	269,108	224,470	44,638	15,475	3,410	12,065
Total (9 mos. end. Sept.)	3,005,212	2,467,492	537,720	154,848	80,603	74,245
1939—						
August	99,868	61,407	38,461	3,475	1,068	2,407
September	188,757	161,625	27,132	3,922	3,494	428
Total (9 mos. ended Sept.)	2,459,973	1,955,921	504,052	110,397	79,642	30,755

Auction Sales

The following securities were sold at auction on dates indicated. the current week:

By R. L. Day & Co., Boston, transacted Wednesday, Sept. 11:

Shares	Stocks	$ per share
2	Connecticut & Passumpsic River RR. pref.	90⅝
10	Minard Co. pref.	3½
93	Burrows & Kenyon Lumber Co. pref. A	
34	Burrows & Kenyon Lumber Co. com. A	$25 lot
93	Burrows & Kenyon Lumber obligation rights	
1	Unit Washington Ry. & Electric	14⅝
10	Ludlow Mfg. Associates ex-div.	105⅞

The following were transacted on Wednesday, Sept. 17th:

60	First National Bank (Boston)	45
3	American Cynamid pref. 3rd series	11⅛
100	Collyer Insulated Wire Co.	13¼
876	Massachusetts Power & Light Assoc. com.	$8 lot
3	Plymouth Cordage Co.	102½
	Bonds—	
	Providence & Worcester RR. 4s due 1947	99 and int.

The following were transacted on Wednesday, Sept. 24th:

25	Samoset Cotton Mills	$4 lot
9	Boston Chamber of Commerce Realty Trust 2nd preferred	
3	Cities Service Co. $6 pref.	$181 lot
2	Adjustment Bureau of the Boston Credit Mens Association	
10	Providence & Worcester RR.	122
1	Unit Washington Ry. & Elec. Co.	15½
5	American Air Lines pref.	108
	Bond—	
	The Securities Co. 4% consols.	31⅜ flat

The following were transacted on Wednesday, Oct. 1st:

10	National Rockland Bank (Boston)	66½
10	Sulloway Hosiery Mills, Inc., com.	3
50	Commonwealth Building Trust pref.	$3½ lot
50	Commonwealth Building Trust com.	
15	Oliver Building Trust	60c
10	Butlers Point Associates pref. trustees' ctfs. of beneficial interest	
2	Butlers Point Associates com. trustees' ctfs. of beneficial interest	$1¼ lot
10	Year reg. income note of Butlers Point Associates due Nov., 1943	
36	Cities Service Co. 5% conv. deb., 1950 interim certificate	
60-100	General Public Service void after Dec. 31, 1934	
15	Page & Shaw, Inc., pref.	
2	Boston Suburban Electric pref.	
1	Boston Suburban Electric com.	$30 lot
5	Abbott-Downing Truck & Body com	
5	Abbott-Downing Truck & Body pref.	
12	Chicago North West RR. com.	
1	Boston Athenaeum	

The following were transacted on Wednesday, Oct. 8th:

1	West Point Mfg. Co.	33
200	Edgar P. Lewis & Sons pref.	$15 lot
1	Boston Athenaeum	200
50	Volcanic Products Co., Inc.	
$500	6% note Volcanic Products Co. (overdue)	$10 lot
	Bonds—	
	$10,200 Portage Hotel Co. (Akron, Ohio) 5½% land trust ctfs.	13 flat
	$10,000 Akron Dry Goods Co. (building site 5¼% land trust ctfs.	17¼ flat
	$10,000 Arcade Garage Bldg. Site (Akron) 5½% land trust ctfs.	27¼ flat
	$100 The Securities Co. 5% consols.	29¼ flat

The following were transacted on Wednesday, Oct. 15th:

10	Sulloway Hosiery Mill, Inc., com.	3
20	Monson National Bank (Monson, Mass.)	
14	Quaboag Country Club	$1,200 lot
13,000	Cripple Creek Mining & Milling Co., Ltd.	1¾ lot
4	Units Washington Ry. & Elec. Co.	15
50	Crompton & Knowles Loom Works com	37
363	Hotel Trust (Touraine)	3
	Bond—	
	$900 United Electric Rys. 5s, Jan., 1951	101¼ & int.

The following Auction Sales were transacted by Barnes & Lofland, Philadelphia, on Wednesday, Sept. 10th:

Stocks	Shares	$ per share
100	Algoma Cons. Corp., Ltd., com (no par)	
55	Columbia Graphophone Mfg. Co. com. (no par)	$2 lot
20	Eaglesmere Railroad Co., par $50	
185/1000	Franklin County Coal Corp., com., par $1	
336/1000	Franklin County Coal Corp, pref., par $10	
55	Industries Corp., com., par $100	$5 lot
112	Integrity Trust Co., par $10	
5	Lincoln Motors Co. "A" com., par $50	
900	H. R. Mallison & Co., Inc., com. (no par)	$20 lot
3 5/10	Milton Mfg. Co. 2nd pref., par $100	$4 lot
5	Mortgage Guarantee Co., com., par $100	
50	Penn. Seaboard Steel Corp. v. t. c. (no par)	
5	Ventnor Trust Co., par $100	$7 lot
1,500	Mexican United Mining Co., par $1	
10,844	Mexican United Mining Co., par $1	
15	New Jersey Consol. Gas Co., com., par $100	$2 lot
10,000	Chicola Consol. Gold Mining Co., par $1	$1 lot
250	Piedmont Mining & Metallurgical Corp. (1st 25% instal. paid)	$1 lot
13	Drueding Bros. "B" com. (no par)	20⅛
126	Pentex Royalty Co. pref., par $100	
396	Pentex Royalty Co. com. (no par)	
25	Arkansas Royalty Co. com., par $100	$1,500 lot
$25,000	Mortgage reduced to $17,500—Secured by a one-eighth undivided interest in the premises, Callowhill St. & Lansdowne Ave., 34th Ward, Philadelphia	
3/4000	partic. shares in rental of elec. equip. of Citizens St RR. Co.	$15 lot
170	Reichsmark scrip	$1 lot
5	Commercial National Bank of Washington, D. C., par $100	
14 2/7	Bankers Trust Co. (Philadelphia), par $50	$1 lot
150	Northwestern National Bank & Trust Co., par $20	
29	Aetna Collateral Co., par $100	
1	Unit Algoma Consolidated Corp., Ltd., trust certificate	$2 lot
	Bonds—	
	$2,000 S. E. cor. 17th and Arch Sts., 1st 6s, 1928, ext. to 1933, ser A	$5 lot
	$5,000 Columbus Newark & Zanesville El. & Ry. 20-yr. 5s due 1926	$2 lot
	$1,000 Eaglesmere RR. Co. 1st 5s, due 1942	$55 lot
	$8,000 Richland Coal Co. 1st 6½s, 1931, ctfs. of dep.	$2 lot
	$15,000 Washington Arlington & Falls Church Ry. Co., 1st 5s, due 1958	$3 lot
	$5,000 Winifrede Coal Co. 1st 6s, due 1930	$10 lot
	$20,000 R. M. Deutsche Bank & Disconto-Gesellschaft	$85 lot

George L. Harrison, Former Reserve Bank Head, Offers Possible Inflation Solution

The offering of a possible solution as to how the Government can best raise the $15,000,000,000 which it will probably require in this and the next fiscal year, was made by George L. Harrison in an address at White Sulphur Springs, W. Va., on Oct. 20, at which time he pointed out that "greatly increased sales of Defense Bonds are of course one important medium." In part Mr. Harrison, who is President of the New York Life Insurance Co., and was formerly President of the Federal Reserve Bank of New York, went on to say:

Quite apart from the dollar amount of such bonds that may be issued, they tap the savings of our people everywhere, they encourage thrift, they impress on all of us some measure of our responsibility, they tend to restrict the amount of funds available for the purchase of non-essential goods, they limit unnecessary competition with the government for materials that it so sorely needs, they tend to reduce inflationary forces. I believe, therefore, that it is a grave responsibility of all of us as individuals in every walk of life to invest at least some part of our savings in Defense Bonds, or else in other Treasury issues.

But it is not to be expected that the large volume of the government's requirements can be financed by this means alone.

Another important supply of investment funds rests in the savings banks, the life insurance companies, endowment funds, trust estates, and even wealthy individuals. These groups are sometimes referred to, for convenience, as the permanent investors. There is a huge supply of funds available for investment from this source. How large this supply is probably no one knows, but it would, I believe, be good fiscal policy for the Treasury to tap this supply of funds next. For months the Federal Reserve authorities, the Secretary of the Treasury, and many others, have emphasized the importance of having the growing public debt held to the greatest extent possible by individual and institutional savers and investors who need and seek a longer investment with a relatively higher yield. One important reason for this, quite apart from satisfying the investment demand, is that the purchase of government bonds by such investors does not affect the total volume of bank deposits. Rather, such purchases simply transfer to the government bank deposits already held by the investor. Total bank deposits are now much higher than they were in 1929 at the height of the boom. In these circumstances, the aggregate of bank deposits and the record volume of currency in circulation is no doubt much more than is adequate or necessary to finance even an expensive war-time economy. So, from the point of view of monetary and fiscal policy, it is, no doubt, preferable for the government to finance its requirements, as far as possible, by the utilization of existing deposits rather than by the creation of new and unneeded deposits. Certainly, investment funds represented in existing deposits should be tapped before bank credit is resorted to if we wish to lessen the effects on an inflationary movement.

There is another reason why these funds should be utilized before bank credit. Placing government securities in the hands of permanent investors makes for a much greater stability in the bond market. Many banks which subscribe to long-term issues of the Treasury do so simply for the purpose of getting what is some-

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September Life Insurance Sales Up

The sales of ordinary life insurance in the United States in September amounted to $581,998,000, an increase of 15% above the volume sold a year ago, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. August sales amounted to $581,171,000, a 10% advance over August, 1940. The total sales for the first nine months of 1941 is reported at $5,199,526,000, which is about 6% above the same period last year.

The Bureau presents the following volume figures and comparative percentages in the various sections of the country for September and the year-to-date:

	SEPTEMBER		AUGUST		YEAR TO DATE	
	Sales Volume in $1,000	Ratios 1941-1940 All Cos.	Sales Volume in $1,000	Ratios 1941-1940 All Cos.	Sales Volume in $1,000	Rates 1941-1940 All Cos.
U. S. Total	$581,998	115%	$581,171	110%	$5,199,526	106%
New England	45,204	118	44,850	112	417,787	111
Mid. Atlantic	148,781	114	147,610	110	1,388,656	103
E. N. Central	131,367	115	131,895	110	1,193,359	106
W. N. Central	55,457	110	55,746	102	486,656	102
So. Atlantic	61,115	116	61,535	114	524,488	106
E. S. Central	26,556	124	24,233	114	214,599	111
W. S. Central	43,619	105	44,993	108	386,199	105
Mountain	15,337	118	15,624	95	132,318	101
Pacific	54,562	123	54,685	114	455,464	112

Morgenthau Announces Subscriptions

Secretary of the Treasury Morgenthau announced on Oct. 22 the final subscription and allotment figures with respect to the cash offering on Oct. 9 of $1,200,000,000 of 2½% Treasury Bonds of 1967-72. An aggregate of $10,445,341,100 of cash subscriptions were received of which public allotments totaled $1,307,419,400, made on a 12½% straight percentage basis, with adjustments, where necessary, to the $100 denomination. In addition to the amount allotted on public subscriptions, $93,256,950 of the bonds have been allotted to Government investment accounts, within the $100,000,000 reservation.

About 92% of the holders of $204,425,000 of 1¼% Treasury notes, maturing Dec. 15, 1941, exchanged their securities for the new 2½% bonds. Total exchange subscriptions received, allotted in full, amounted to $188,971,200. The total subscriptions allotted, including cash, exchanges and Government investment accounts, were $1,589,647,550.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Total Cash Subscriptions Received	Total Cash Subscriptions Allotted	Total Exchange Subscriptions Received (Allotted in full)	Total Subscriptions Allotted
Boston	$951,726,650	$119,071,100	$12,907,700	$131,978,800
New York	4,921,587,550	615,575,950	127,640,100	743,216,050
Philadelphia	616,842,550	77,328,350	7,763,300	85,091,650
Cleveland	691,193,300	86,556,300	3,294,700	89,851,000
Richmond	418,370,400	52,392,900	2,562,900	54,955,800
Atlanta	535,350,350	67,069,950	509,200	67,579,150
Chicago	1,091,686,900	136,678,450	13,634,300	150,312,750
St. Louis	255,191,450	32,022,100	3,334,800	35,356,900
Minneapolis	163,917,350	20,541,900	9,114,600	29,656,500
Kansas City	137,529,200	17,275,800	1,347,000	18,622,800
Dallas	193,407,050	24,267,600	2,351,500	26,619,100
San Francisco	446,072,050	55,826,900	3,997,500	59,824,400
Treasury	22,466,300	2,812,100	513,600	3,325,700
Govt. Invest. Accounts	----------	93,256,950	----------	93,256,950
Total	$10,445,341,100	$1,400,676,350	$188,971,200	$1,589,647,550

The details of this offering were given in our Oct. 16 issue, page 639.

September Department Store Sales

The Board of Governors of the Federal Reserve System announced Oct. 9 that in September department store sales increased less than seasonally from the high level reached in August and the Board's adjusted index declined to 112, as compared with 134 in August, 115 in July, and an average of 103 in the first half of this year. The Board's tabulation follows:

INDEX OF DEPARTMENT STORE SALES† 1923-25 AVERAGE=100

	Sept., 1941	Aug., 1941	July, 1941	Sept., 1940
Adjusted for seasonal variation	112	134	115	97
Without seasonal adjustment	121	106	79	105

Change from Corresponding Period a Year Ago (%)

Federal Reserve District—	One Week Ending Oct. 4	Sep. 27	Sep. 20	Sep. 13	Four Weeks Ending Oct. 24	Sep. 27	Aug. 30	Aug. 2	Yr. to Oct. 4
Boston	+22	+32	+12	+10	+19	+16	+27	+20	+17
New York	+32	+11	+12	+4	+15	+9	+33	+21	+14
Philadelphia	+30	+17	+18	—5	+15	+10	+37	+27	+19
Cleveland	+45	+50	—7	+8	+22	+14	+45	+28	+21
Richmond	+25	+3	+19	+7	+13	+10	+40	+31	+21
Atlanta	+25	+13	+19	+4	+15	+13	+36	+30	+20
Chicago	+40	r+25	+16	+9	+22	+15	+31	+22	+17
St. Louis	+38	+28	+17	+16	+25	+16	+38	+31	+21
Minneapolis	*	*	*	*	+17	+10	+22	+17	+13
Kansas City	+35	+25	+11	+10	+20	+15	+28	+25	+16
Dallas	+27	r+8	+17	+14	+16	r+15	+40	+27	+20
San Francisco	+31	+26	+22	+18	+24	+21	+35	+22	+19
U. S. total	+34	r+23	+12	+8	+19	+14	+35	+24	+18

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT, 1935-39=100

1941—		1940—	
Sept. 13	133	Sept. 14	123
Sept. 20	131	Sept. 21	117
Sept. 27	148	Sept. 28	120
Oct. 4	169	Oct. 5	125

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; September, 1941, figures estimated from weekly sales.

Sugar Entries Against Quotas Above Last Year

The U. S. Department of Agriculture issued on Oct. 8 its ninth monthly report on the status of the 1941 sugar quotas for the various offshore sugar-producing areas supplying the United States market. The report, prepared by the Sugar Division of the Agricultural Adjustment Administration, shows that the quantity of sugar charged against the quotas for all offshore areas, including the full-duty countries, amounted to 4,721,440 short tons, raw value, during the first nine months of the year, as compared with 3,503,560 tons in the corresponding period of 1940. The further advices from the Department of Agriculture said:

The report includes sugar from all areas recorded as entered or certified for entry before Oct. 1, 1941. The figures are subject to change after final outturn weight and polarization data for all entries are available.

There were 144,439 short tons of sugar, raw value, charged against the quota for the mainland cane area, and 1,356,509 short tons, raw value, against the quota for the continental sugar beet area, during the period January-August this year. Data for these two areas are not yet available for September.

The quantities charged against the quotas for the offshore areas during the first nine months of the year and the year and the balances remaining are as follows:

Area—		1941 Sugar Quota	Quantity Charged Against Quota	Balance Remaining
	(Short Tons, 96 Degree Equivalent)			
Cuba		2,750,461	2,077,060	†673,401
Philippines	1,387,383			
Less amount reallotted	404,720	982,663	806,050	‡
Puerto Rico		1,148,160	925,757	‡
Hawaii	1,263,700			
Less amount reallotted	270,178	993,522	724,903	268,619
Virgin Islands		12,829	3,122	‡
Forgn. countries oth. than Cuba		440,304	184,548	‡
Total		6,327,939	4,721,440	‡

†Of which approximately 98,000 tons were in U. S. Customs' custody. ‡Quantities actually available for balance of year and likely to come in less than the quota balance.

DIRECT-CONSUMPTION SUGAR

Direct-Consumption Sugar Is Included in the Above Amounts Charged Against the Various Quotas

Area—	1941 Quota	Quantity Charged Against Quota— Sugar Polarizing 99.8 Degrees and Above	Sugar Polarizing less than 99.8 Degrees	Total Charge	Balance Remaining
	(Short Tons, 96 Degree Equivalent)				
Cuba	375,000	355,940	19,060	375,000	0
Puerto Rico	126,033	112,190	12,670	124,860	1,173
Hawaii	29,616	4,012	2,274	6,286	23,330
Philippines	80,214	46,694	551	47,245	32,969
Total	610,863	518,836	34,555	553,391	57,472

QUOTAS FOR FULL-DUTY COUNTRIES

Area—	1941 Quota	Quantity Charged Against Quota †	Balance Remaining
Canada	7,279,181	592,766	6,686,415
China and Hongkong	3,682,673	274,786	3,407,887
Dominican Republic	180,909,920	130,919,262	49,990,658
Haiti	25,002,562	13,595,886	11,406,676
Mexico	72,004,758	613,745	71,391,013
Peru	301,515,638	223,100,019	78,415,619
Quotas not used to date ‡	282,861,514	--------	282,861,514
Unallotted reserve	7,351,754	0	7,351,754
Total	880,608,000	369,096,464	511,511,536
Tons	440,304	184,548	255,756

†In accordance with Section 212 of the Sugar Act of 1937, the first ten short tons of sugar, raw value, imported from any foreign country other than Cuba have not been charged against the quota for that country. ‡This total includes the following (in pounds); Argentina, 172,756; Costa Rica, 244,105; Dutch East Indies, 2,505,181; Guatemala, 3,969,033; Honduras, 40,680,533; Nicaragua, 121,132,598; Salvador, 97,282,227; United Kingdom, 4,155,876; Venezuela, 3,436,912; other countries, 9,282,293. 313 pounds have been imported from various countries, but under the provisions of Section 212 of the Sugar Act, referred to in Footnote †, these importations have not been charged against the quota.

August World Tin Production Above Year Ago

According to the current issue of the "Statistical Bulletin" published by the Tin Research Institute, London, world production of tin in August 1941, is estimated at 21,300 long tons, compared with 18,400 long tons in August 1940. Production for the first eight months of 1941 was 168,600 tons against 143,500 tons in the first eight months of 1940.

Exports from the countries signatory to the International Tin Agreement, and the position at the end of August 1941 are shown below in long tons of tin:

	June	July	Aug.	End Aug.
Belgian Congo	4,015	1,845**	*	*
Bolivia	4,536	*	*	*
French Indo-China	130	130	130**	— 1,848**
Malaya	10,243	4,091	6,874	—18,554
Neth. East Indies	5,074	3,948	4,666	+ 2,596
Nigeria	3,803	215	*	*
Thailand	1,748	1,103	1,452	— 7,258

*Not yet available. **Estimated.

The Institute's announcement also reported:

United States deliveries totaled 13,625 tons in August 1941, against 12,575 tons in July 1941. For the first eight months of 1941, United States deliveries totaled 106,572 tons compared with 70,404 tons in the corresponding period of 1940.

Consumption of tin in the United Kingdom in July 1941 was 2,418 tons against 2,426 tons in June 1941 and 2,756 tons during July 1940.

World stocks of tin, including smelters' stocks and carryover decreased by 5,438 tons during August 1941 to 50,864 tons at the end of the month. Stocks at the end of August 1940 amounted to 51,232 tons.

The average cash price for standard tin in London was £257.2 per ton in August 1941, compared with £258.4 in the previous month and £262.6 in August 1940.

The average price for Straits tin in New York was 52.40 cents per lb. in August 1941, as against 53.66 cents in July. The average price in August 1940, was 51.18 cents per lb.

Wholesale Commodity Prices Remain Steady For Fifth Week, According To Labor Bureau

The general level of wholesale commodity prices was again fairly steady for the fifth consecutive week, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Oct. 23. "There was a sharp break," he said, "in agricultural markets while prices of certain manufactured goods continued to rise gradually." "The Bureau's index of nearly 900 price series," he added, "advanced 0.1% for the week ending Oct. 18 to 91.7% of the 1926 level. The all-commodity index is 17% higher than it was a year ago and nearly 23% above the low point preceding the outbreak of the war." The Labor Bureau's announcement further stated:

With the higher prices for the 1942 models of certain automobiles and higher excise taxes, which went into effect the first of the month, the metals and metal products group index rose 3.7%. A ceiling of 1c above the prevailing market level for zinc, imposed by the Office of Price Administration, and higher prices for zinc sheets also contributed to the advance. Prices for other metals were generally unchanged.

Average prices for textiles rose 0.1%, due to higher quotations for manila hemp, raw jute, and for hosiery, sheeting and shirting. The break in the raw cotton market following adverse war news and unsettled conditions in the Far East caused cotton yarn prices to drop. Oil cloth, on the contrary, advanced 13%.

Earlier advances in prices for hides, skins and leather were reflected in an increase of 1% in shoe prices.

Bituminous coal, gasoline and kerosene rose fractionally. Quotations were also higher for fertilizer materials including fish scrap, kainit and muriate of potash. Industrial fats and oils declined 1% during the week and crude rubber dropped 2.1% as supplies of free rubber became scarcer and most trading was done at the Rubber Reserve Company prices.

Average prices for furniture in wholesale markets continued to advance.

Wholesale prices for building materials were slightly lower than a week ago because of weakening prices for most types of yellow pine lumber, particularly boards, finish, flooring and timbers, for oak flooring and red cedar shingles, and for linseed oil. Brick, Douglas fir dimension and timbers, yellow pine dimension, drop siding and lath and rosin and turpentine advanced.

Agricultural commodity markets broke sharply at the end of the week on news of higher crop and livestock estimates by the Department of Agriculture, unfavorable reports from the war front, and increased tension in the Far East. Declines of 3.3% for livestock and poultry and 2.8% for grains largely accounted for a decrease of 0.8% in the farm products group index. Quotations were lower for wheat, corn, oats and rye, and for steers, hogs, sheep, poultry and cotton. Prices for barley, calves and cows, and for eggs, hay, tobacco, potatoes, apples and lemons advanced.

Average wholesale prices for foods dropped 0.9% as a result of decreases of 2% for meats, 1.3% for dairy products, and 0.8% for cereal products. Quotations were lower for butter, flour, oatmeal, fresh beef at New York, cured and fresh pork, coffee, lard, edible tallow, and most vegetable oils. Fruits and vegetables rose 2% as a result of higher prices for canned peaches, most dried fruits and bananas. Higher prices were also reported for cocoa beans and pepper.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Sept. 20, 1941 and for Oct. 19, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Oct. 11 to Oct. 18, 1941.

(1926=100)

Commodity Groups	10-18 1941	10-11 1941	10-4 1941	9-20 1941	10-19 1940	Percentage changes to Oct. 18, 1941, from— 10-11 1941	9-20 1941	10-19 1940
ALL COMMODITIES	91.7	91.6	91.6	91.5	78.4	+0.1	+0.2	+17.0
Farm products	89.8	90.5	90.3	91.2	66.7	—0.8	—1.5	+34.6
Foods	88.4	89.2	89.7	88.5	71.0	—0.8	—0.1	+24.5
Hides and leather products	113.2	112.6	112.4	111.7	100.7	+0.5	+1.3	+12.4
Textile products	90.2	90.1	89.9	89.2	73.5	+0.1	+1.1	+22.7
Fuel and lighting materials	80.0	79.9	80.1	80.0	72.3	+0.1	0	+10.7
Metals and metal products	102.2	98.6	98.7	98.7	97.4	+3.7	+3.5	+4.9
Building materials	106.9	107.1	*106.6	106.2	97.3	—0.2	+0.7	+9.9
Chemicals & allied products	89.7	89.8	89.7	87.8	76.9	—0.1	+2.2	+16.6
Housefurnishing goods	99.9	99.7	98.5	98.0	90.0	+0.2	+1.0	+11.0
Miscellaneous commodities	85.6	85.9	85.0	85.0	76.8	—0.3	+0.7	+11.5
Raw materials	89.2	89.6	89.5	89.8	71.3	—0.4	—0.7	+25.1
Semi-manufactured articles	89.7	89.7	90.5	90.1	79.4	0	—0.4	+13.0
Manufactured products	93.5	93.1	*93.1	92.8	82.1	+0.4	+0.8	+13.9
All commodities other than farm products	92.2	91.9	91.9	91.6	81.0	+0.3	+0.7	+13.8
All commodities other than farm products and foods	93.1	92.3	*92.1	91.8	83.5	+0.9	+1.4	+11.5

*Revised.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM OCT. 11 TO OCT. 18, 1941

Increases

Motor vehicles	9.01	Furniture	0.3
Fruits and vegetables	2.0	Cement	0.3
Other farm products	1.5	Other building materials	0.3
Non-ferrous metals	1.1	Other textile products	0.2
Brick and tile	1.0	Bituminous coal	0.2
Shoes	0.9	Petroleum products	0.2
Hosiery and underwear	0.9	Other miscellaneous	0.1
Fertilizer materials	0.3	Iron and steel	0.1
Cotton goods	0.3	Leather	0.1

Decreases

Cattle feed	4.1	Oils and fats	1.0
Livestock and poultry	3.3	Cereal products	0.8
Grains	2.8	Lumber	0.6
Meats	2.2	Other foods	0.5
Rubber, crude	2.1	Paint and paint materials	0.4
Dairy products	1.3		

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Oct. 27 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	*157	138	127	123	156	---	138
September	139	122	145	*156	138	136	133	156	202	143
1941— Weeks end.:										
Sept. 6	138	122	144	155	138	128	123	156	201	141
Sept. 13	138	122	r145	158	137	130	123	156	201	144
Sept. 20	139	122	r145	r158	137	131	123	156	202	144
Sept. 27	r142	122	145	*156	138	132	123	156	203	143
Oct. 4	140	122	145	*157	138	131	125	156	*203	143
Oct. 11	140	122	144	*160	138	132	126	156	---	142
Oct. 18	141	123	143	*160	139	132	126	156	---	140

* Preliminary. r Revised

Federal Reserve Reports Brokers' Balances

The Board of Governors of the Federal Reserve System announced on Sept. 22 that member firms of the New York Stock Exchange carrying margin accounts for customers reported that their customers' debit balances on Aug. 31, 1941 were the same as on July 31, 1941. These firms also reported for the month ending Aug. 31, an increase of $72,000,000 in money borrowed by the reporting firms and an increase of $73,000,000 in the debit balances in their firm and partners' investment and trading accounts. During the year ending Aug. 31, 1941, customers' debit balances decreased by $3,000,000 and money borrowed increased by $92,000,000.

A summary of the customers' debit balances and principal related items of the member firms of the New York Stock Exchange that carry margin accounts, together with changes for the month and year ended August 31, 1941, are given as follows by the Reserve Board.

(Ledger balances in millions of dollars)

	Aug. 31, 1941	Inc. or Dec. since July 31, 1941	Aug. 31, 1940
Debit Balances:			
Customers' debit balances	628	----	—3
Debit balances in firm and partners' investment and trading accounts	170	+73	+102
Cash on hand and in banks	189	----	—26
Credit balances:			
Money borrowed	460	+72	+92
Customers' credit balances:			
Free	262	—4	+6
Other	72	+2	+15
Credit balances in firm and partners' investment and trading accounts	23	—2	—3
Credit balances in capital accounts	221	----	—39

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Sat. Oct. 18	Mon. Oct. 20	Tues. Oct. 21	Wed. Oct. 22	Thur. Oct. 23	Fri. Oct. 24
Boots Pure Drugs		35/3	35/3	35/3	35/6	35/6
British Amer. Tobacco		95/-	93/9	93/3	93/3	93/3
Cable & W. ord.*		£65½	£66	£66	£66½	£66¾
Central Min. & Invest.		£12½	£12½	£12½	£12½	£12½
Cons. Goldfields of S. A.		41/3	41/3	41/3	41/3	40/9
Courtaulds (S.) & Co.		32/-	32/-	32/9	33/-	33/9
De Beers		£7½	£7½	£7⅝	£7⅝	£7¾
Distillers Co.		67/-	67/6	67/9	67/9	67/6
Electric & Musical Ind.		12/3	12/6	12/6	12/6	12/6
Ford, Ltd.	Closed	23/9	24/-	24/-	24/-	[illegible]
Hudsons Bay Company		22/6	22/6	22/9	23/6	23/6
Imp. Tob. of G. B. & I.		118/9	119/3	119/3	120/-	[illegible]
London Mid. Ry.*		£15¼	£15¾	£15⅝	£15¼	[illegible]
Metal Box		77/6	77/6	77/6	77/6	[illegible]
Rand Mines		£7	£7	£7	£7	[illegible]
Rio Tinto		£6	£6	£6	£6	[illegible]
Rolls Royce		79/3	80/-	80/-	79/6	79/6
Shell Transport		51/9	52/6	52/6	52/6	52/6
United Molasses		27/-	27/3	27/3	27/-	27/6
Vickers		16/6	16/6	16/9	16/9	16/9
West Witwatersrand Areas		£4⅞	£5¼	£5⅛	£5 1/16	[illegible]

*Per £100 par value.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols., 2½%	Closed	£84¼	£82½	£82½	£82⅜	£82 9/16
British 3½% W. L.	Closed	£106⅛	£106 7/16	£106 7/16	£106½	£106 [illegible]
British 4% 1960-90	Closed	£114¼	£114¼	£114¼	£114⅜	£114¾

The price of silver per oz. (in cents) in the United States on the same days has been:

Bar N. Y. (Foreign)	34¾	34¾	34¾	34¾	34¾	34¾
U. S. Treas. (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

Harrison Offers Inflation Solution

(Continued from Page 825)

times called a "free ride." To make a successful issue the Treasury must price it in the light of market conditions so that it will sell at a premium. Banks subscribing to such issues often do so for the purpose of selling them promptly just for the profit. At other times they are likely to be offered on the market by a bank holder for the purpose of cashing in on its book profit or for the purpose of attaining greater liquidity when needed. These circumstances always raise the possibility of an unhealthy secondary market. Experience has demonstrated that issues held more largely by permanent investors and less importantly by banks retain much greater stability in periods of stress.

"But," said Mr. Harrison, "I do not mean to imply that all of the government's prospective requirements through this emergency may be financed without the banks." "On the contrary," he said, "it may well become necessary, as in the period of the last war, to tap bank funds as well as investment funds. But if that does become necessary it would seem to be more appropriate to give to the banks shorter-term securities which have less risk of intermediate fluctuation and which are much more easily liquidated in a period when a bank may be seeking liquidity." Mr. Harrison continued:

With the recent pronouncements and actions of the monetary and fiscal authorities there is some evidence that the downward drift of interest rates has at least been checked. No one, I presume, is wise or foolish enough to try to forecast whether the level of rates for the immediate or long-time future will go up or go down or even whether they can be stabilized at the present level. But I question the wisdom of withholding investment funds from the government at this grave time simply because of the hope of a possible increase in future rates. On the contrary, the exigencies of the moment suggest the likelihood that, from the point of view of both self-interest and national interest, institutions and individuals will continue to invest in long-term government issues to the fullest extent practicable.

In this connection the recent offering of the long-time 2½% government bond was, I believe, a step in the right direction and wholly consistent with sound fiscal and monetary policy. But if the Treasury prefers, and I believe it should, to place an increasing proportion of the public debt in the hands of permanent investors, both corporate and individual, it might be appropriate to consider some additional steps that would tend to accomplish this.

As of June 30, 1941, the direct and guaranteed public debt of the government was $54,800,000,000. Of this amount the commercial banks of the country held a little over $20,000,000,000 or about 37%. The mutual savings banks held $3,400,000,000 or about 6%. The insurance companies $6,600,000,000 or 12% and the public generally $14,000,000,000 or 26%. The commercial banks as a group hold a larger percentage of the government debt than any of these other groups. What measures can appropriately be taken to insure that a larger percentage of future offerings go into more permanent hands rather than into the commercial banks?

Various steps might be taken. At the present time no commercial bank can subscribe for

any new government issue in excess of one-half of its capital funds. Conceivably this limit might be reduced to a point where only a relatively small amount of long-time issues would go into commercial bank portfolios whether for a quick turn-over or for a longer investment. Another possibility that has been discussed is to have the Treasury require that long-term bonds issued by it be registered and non-transferable for a fixed period, say three or six months or even a year. This would likely reduce the subscriptions by commercial banks, many of which prefer not to hold the longer maturities but subscribe for them nevertheless simply for the quick turn-over and the quick profit. Such a requirement, however, would not be a serious deterrent to a permanent investor who intends to hold the bonds until maturity in any event. For such an investor, the fact that they would be non-transferable for the period of the registration would not be material.

I am not making this or any other proposal with the conviction that it is necessarily the most satisfactory solution from every angle. Rather the important point is that, if the government desires, and I think it should, to meet its requirements out of existing deposits rather than to create new and unnecessary and perhaps dangerous deposits, some action designed further to limit or to discourage bank supscriptions seems essential.

Mr. Harrison, in his address, which was delivered before the Savings Banks Association of the State of New York, pointed out that "if our emergency calls for sacrifice on the part of private individuals and private institutions, it calls for no less on the part of the government." "For every burden that falls on the shoulders of individuals and of business," he noted, "there is a reciprocal burden of responsibility devolving upon government officials and government institutions." Mr. Harrison furthermore said:

If as individuals we are to economize and save, to avoid competitive buying, to pay our taxes, and to buy government bonds, then it is no less important that government officials recognize fully their corresponding responsiblity to pull in their official belts and to economize and to save wherever that is possible not only in non-defense expenditures but also in the administration of defense expenditures as well.

The Secretary of the Treasury has recommended that non-defense expenditures of the the government be cut by at least one billion dollars. Congress, however, has not yet had the foresight or perhaps the courage to cut those expenses in any substantial amount. On the contrary, some pressure groups are still powerfully influential and we find that in many instances, in spite of the great increase in business activity, in spite of the fact that employment is increasing, that wages have gone up, that prices have gone up, and that the income of a great part of our population is higher than it has been for years, we cannot seem to get any noteworthy reduction in the government's expenses for non-defense activities.

During the twenties our Federal government's budget for non-defense was around $2,500,000,000 per annum. They are now about $6,500,000,000. I am not one of those who look back with a nostalgic yearning for the pre-depression days. In so many ways, we have progressed importantly since that time. I do feel, however, that at a time like this we might do well to compare many of our items of non-defense expenditures with those of earlier days in order to ascertain if, in the light of the economy sacrifices that are demanded of individuals, substantial economies might not also be made in many items of government expense. While I am now referring specifically to the Federal government, state and municipal governments have no less an obligation.

In calling attention to "another closely related matter," Mr. Harrison stated that "in Washington and elsewhere we hear a lot about inflation. We are told that the country is in grave danger of experiencing rapidly rising prices, with higher living costs demanding higher wages, with higher wages forcing higher prices for manufactured articles, and with higher industrial prices calling for higher farm prices, and so on." "Much has already been done," he said, "to combat some of the apparent forces of inflation and to plug the gaps," but the program is not yet sufficiently well coordinated.

"To the extent that the lack of coordination in government activities should result in higher costs and higher prices," he added, "not only will we as individuals suffer from a lower purchasing power of the dollar, but the burden on the government itself will be increasingly heavy. So, while admitting the need of various forms of relief during a depression, we must not admit that that relief is a vested interest in perpetuity." Continuing, he said:

While it has become obvious that much of the cost of the defense program and its essential expansion requirements must be financed through direct government channels, yet it is incumbent on commercial and investment bankers to make sure that the machinery of the banking system and the capital markets is functioning efficiently and in an orderly manner in handling both normal and emergency needs of business. I understand that the banks are eagerly providing such business credit as should be appropriately granted by the banking system. I am not so convinced that the capital market is functioning in such an orderly manner as present conditions and needs seem to require.

* * *

For the first several months of this year the company with which I am connected refrained from taking investments through private placement with the hope that the various groups interested in the capital market would be able to find some appropriate solution of the problem.

Experiences of the past few months climaxed by all the to-do over the recent financing of a large public utility issue confirm some of the doubts I expressed in January, and certainly demonstrate that no satisfactory solution has yet been found.

The ultimate solution may be difficult to attain. There are a great variety of opinions and interests. But the times demand a solution if the machinery of investment banking as such, which is a necessary adjunct to a broad and healthy capital market, is to be preserved. The time will come, in my opinion, when such a market will be needed by investors of all classes, even more than now, not only for the issue of bonds but of preferred and common stocks, too. If, however, the private placement practice grows and competitive bidding by large institutional buyers continues, there is a very reasonable doubt whether investment banking as such may not be seriously impaired in its effectiveness to do a necessary job.

I have always felt that the investment bankers, at least generally, should be the ones to act as the machinery of the market for the issue, distribution and sale of new or refunding issues. On the whole, our economy will be better served if all classes of investors, large and small, should have at least

(Continued on Page 828)

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilations of companies listed on the New York Stock and New York Curb Exchanges reporting changes in their holdings of reacquired stock was made available on Oct. 16. Inasmuch as we have not heretofore given the lists issued Sept. 16, we are also making room for these at this time.

Following is the latest tabulation (that for Oct. 15) issued by the Stock Exchange:

Company and Class of Stock	Shares Previously Reported	Shares Per Latest Report
American Hide & Leather Co., 6% preferred	500	800
American Home Products Corp., capital	501	3,001
American Ice Co., 6% preferred	9,563	12,463
American Snuff Co., 6% preferred	1,239	739
Associates Investment Co., 5% cum. pfd.	900	1,020
Atlas Corp., Common	113,273	130,104
6% preferred	3,400	5,505
Barnsdall Oil Co., common	100	500
Belding Heminway Co., common	43,232	43,532
Case (J. I.) Co., common	2,032	1,982
7% preferred	1,805	4,609
Century Ribbon Mills, Inc., 7% preferred	135	145
Consolidated Laundries Corp., common	16,632	17,932
Consolidated Oil Corp., common	241,555	276,155
Continental Baking Co., 8% preferred	12,826	2,695(11)
Cuban-American Sugar Co. (The), 5½% cv. pfd.	4,348	8,548
Davega Stores Corp., 5% cum. cv. pfd.	600	------(1)
Common	7,550	7,650
Detroit Edison Co. (The), common	13,762	13,400
Distillers Corp.-Seagrams Ltd., cum. pfd. 5% ser.	------	------(9)
Federated Department Stores, Inc., 4½% cv. pfd.	10,100	10,700
Firestone Tire & Rubber Co. (The), common	310,262	312,949
6% cum. "A" pfd.	26,066	14,066(2)
Florsheim Shoe Co. (The), cl. A common	15	215
General Shoe Corp., common	3,689	3,717
Gimbel Brothers, $6 cum. pfd.	6,211	7,211
Glidden Co. (The), common	20,170	5,847(10)
Goodyear Tire & Rubber Co. (The), $5 cum. cv. pfd.	12,497	6,865(3)
Hat Corp. of America, 6½% preferred	427	507
Lee Rubber & Tire Corp., common	31,657	58,491(5)
Insuranshares Certificates, Inc., common	900	500(4)
Lee Rubber & Tire Corp., commn	31,657	58,491(5)
Macy & Co., Inc. (R. H.), common	4,785	5,805
Madison Square Garden Corp., capital	------	2,600(6)
Mead Corp. (The), $5.50 cum. pfd. "B"	913	1,413
$6 cum. pfd. "A"	40	60
National Bond & Investment Co., 5% cum. pfd. "A"	------	500(7)
National Department Stores Corp., 6% preferred	58,856	59,056
National Steel Corp., common	7,055	11,055
Outboard, Marine & Manufacturing Co., common	19	20
Petroleum Corp. of America, capital	88,700	101,200
Plymouth Oil Co., common	13,854	14,654
Rustless Iron & Steel Corp., common	334	335
Safeway Stores, common	14,703	14,879
5% cum. pfd.	315	323
Shenley Distillers Corp., 5½% cum. pfd.	1,200	1,201
Shattuck (Frank G.) Co., common	123,200	125,100
Sheaffer (W. A.) Pen Co., common	4,049	4,082
Snider Packing Corp., capital	------	2,821(7)
Swift & Co., capital	78,333	78,307
Thermoid Co., cv. pfd.	805	------(8)
Tide Water Associated Oil Co., common	11,291	11,294
Transamerica Corp., capital	936,797	938,637
United States Leather Co. (The), 7% prior pref.	10,582	15,004
United States Rubber Co., common	13,616	15,916
Vick Chemical Co., capital	15,000	15,800
White (S. S.) Dental Manufacturing Co. (The), capital	5,950	5,989
Woolworth (F. W.) Co., common	46,390	46,392

Notes—(1) 100 shares acquired and 700 shares retired. (2) 12,000 shares retired; (3) 2,067 shares acquired; 7,699 shares retired. (4) 6,200 shares acquired; 6,600 shares retired. (5) 26,834 shares acquired as the result of request for tenders. (6) Acquired since March, 1941. (7) Initial report. (8) Retired. (9) 960 shares acquired and retired. (10) 8,400 shares acquired in September. 23 shares sold and 22,700 shares exchanged for 6,800 shares of common stock of American Zirconium Corp. (11) 2,900 shares acquired. 13,031 shares retired between 9-13-41 and 10-7-41.

The Curb Exchange's current list for Oct. 15 is as follows:

Company and Class of Stock	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2 div. ser. pfd.	5,731	6,006
Common	331,970	334,696
Blue Ridge Corp., $3 cv. pfd.	2,000	7,000
Carman & Co., Inc., class "A"	3,487	3,512
Dejay Stores, Inc., common	6,136	6,236
Dennison Manufacturing Co., debenture stock	6,257	6,310
Prior preferred	5,125	5,236
Detroit Gasket & Manufacturing Co., 6% pfd.	10,516	10,916
Electrographic Corp., common	36	636
Equity Corp., $3 convertible preferred	39,788	42,688
Klein (D. Emil) Co., Inc., common	13,355	13,555
Knott Corp., common	5,471	5,476
Merritt-Chapman & Scott Corp., 6½% "A" pfd.	1,169	980
Niagara Share Corp. of Maryland, "A" preferred	3,756	3,811
"B" common	85,981	88,781
Root Petroleum Co., $1.20 convertible pref.	2,613	3,113
Selected Industries, Inc., $5.50 dividend prior stock	1,500	1,700
Sterchi Bros. Stores, Inc., 6% 1st preferred	50	75
Sunray Oil Corp., 5½% convertible preferred	2,145	2,295
United Chemicals, Inc., $3 participating preferred	322	422
United Cigar-Whelan Stores Corp., common	12,092	12,096
Wilson-Jones Co., common	3,400	3,800

The Sept. 15 compilation of the Stock Exchange follows:

Company and Class of Stock	Shares Previously Reported	Shares Per Latest Report
Allegheny Ludlum Steel Corp., common	737	12
American Hide & Leather Co., 6% preferred	300	500
American Home Products Corp., capital	5,011	501(1)
American Ice Co., 6% preferred	9,163	9,563
Armour & Co. (Delaware), 7% preferred	677	682
Associated Dry Goods Corp., common	8,460	460(2)
Atlas Corp., common	109,733	113,273
6% preferred	2,300	3,400
Barnsdall Oil Co., common	9,962	100(3)
Belding Heminway Co., common	41,532	43,232
Borden Co. (The), capital	32,154	33,154
Carriers & General Corp., common	800	900
Case (J. I.) Co., common	2,042	2,032
7% preferred	------	1,805
Century Ribbon Mills, Inc., 7% preferred	115	135
City Ice & Fuel Co. (The), 6½% cumulative preferred	------	------(4)
Consolidated Laundries Corp., common	14,832	16,632
Continental Baking Co., 8% cumulative preferred	82,780	12,893(5)
Cuban-American Sugar Co. (The), 5½% cv. preferred	4,334	4,348
7% cumulative preferred	6,133	6,163
Davega Stores Corp., common	7,350	7,550
Detroit Edison Co. (The), common	14,091	13,762
Distillers Corp.-Seagrams, Ltd., cum. pfd. 5% series	------	------(6)
Federated Department Stores, Inc., 4¼% cv. preferred	9,800	10,100
Firestone Tire & Rubber Co. (The), common	310,292	310,262
General Shoe Corp., common	3,470	3,689
Goodyear Tire & Rubber Co. (The), $5 cum. cv. pfd.	11,397	12,497
Hat Corp. of America, 6½% preferred	374	427
Household Finance Corp., common	2,382	2,582
Insuranshares Certificates, Inc., common	------	900(7)
Jewel Tea Co., Inc., common	4,420	4,360
Kaufman Department Stores, Inc., 5% cum. pref.	21,734	21,735
Macy & Co., Inc. (R. H.), common	4,485	4,785
Maytag Co. (The), $3 cumulative pref.	6,714	8,014
Mead Corp. (The), $5.50 cumulative preferred "B"	913	1,013
National Cylinder Gas Co., common	------	1,000
National Steel Corp., common	6,055	7,055
National Department Stores Corp., 6% preferred	57,711	58,856
Pacific Finance Corp., common	7,081	8,181
Plymouth Oil Co., common	12,854	13,854
Pullman, Inc., capital	571,669	------(8)
Shattuck (Frank G.) Co., common	118,700	123,200
Republic Steel Corp., 6% cumulative convertible preferred	21,069	------(9)
Rustless Iron & Steel Corp., common	333	334
Safeway Stores, Inc., 5% preferred	158	315
Schenley Distillers Corp., 5½% cumulative preferred	700	1,200
Sheaffer (W. A.) Pen Co., common	4,012	4,049
Swift & Co., capital	78,368	78,333
Thermoid Co., convertible preferred	------	805
Tide Water Associated Oil Co., common	11,289	11,291
United States Rubber Co., common	12,916	13,616
Vick Chemical Co., capital	21,000	15,000
Webster Eisenlohr, Inc., 7% preferred	------	------(10)
White (S. S.) Dental Manufacturing Co. (The), capital	5,925	5,950

Notes—(1) 1,500 shares acquired; 6,000 shares transferred to acquire Blackstone Products Co., Inc. (3) 8,000 shares taken under option running to Oswald W. Knouth. (3) 20,136 shares acquired and 30,000 shares issued to acquire certain property. (4) 1,961 shares acquired and retired. (5) Figure of 82,780 is an adjustment of shares previously reported as having been tendered and accepted. 12,000 additional shares acquired and 81,897 shares retired through Sept. 13, 1941. (6) 900 shares acquired and retired. (7) 3,500 shares acqufred and 2,600 shares retired. (8) Retired. (9) 2,994 shares acquired since June 1, 1941, which, together with 21,069 shares, have been canceled. (10) 90 shares acquired and retired.

Following is the Curb's list for Sept. 15:

Company and Class of Stock	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2 dividend series preferred	5,681	5,731
Common	330,461	331,970
Blue Ridge Corp., $3 convertible pref.	1,450	2,000
Charis Corp., common	5,650	5,950
Crown Central Petroleum Corp., common	554	559
Dennison Manufacturing Co., debenture stock	5,939	6,257
Prior preferred	4,577	5,125
Detroit Gasket & Manufacturing Co., 6% preferred	10,116	10,516
Equity Corp., $3 convertible preferred	39,713	39,788
Fedders Manufacturing Co., Inc., common	6,509	7,459
Interstate Hosiery Mills, Inc., capital	3,243	3,841
Klein (D. Emil) Co., Inc., common	13,155	13,355
Knott Corp., common	5,171	5,471
Midland Oil Corp., $2 convertible pref.	7,350	7,500
New York Merchandise Co., Inc., common	17,700	17,750
Niagara Share Corp. of Maryland, "A" preferred	3,496	3,756
"B" common	85,681	85,981
Root Petroleum Co., $1.20 convertible pref.	1,700	2,613
Sterchi Bros. Stores, Inc., 6% 1st preferred	10	50
5% 2nd preferred	187	217
Sterling, Inc., common	38,650	38,750
Tobacco & Allied Stocks, Inc., capital	150	200
United Chemicals, Inc., $3 participating preferred	172	322
United Cigar-Whelan Stores Corp., common	12,089	12,092

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 24 a summary for the week ended Oct. 18, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 18, 1941—	Total for Week
Odd-lot Sales by Dealers:	
(Customers' Purchases)	
Number of Orders	12,991
Number of Shares	341,333
Dollar Value	13,111,632
Odd-Lot Purchasers by Dealers—	
(Customers' Sales)	
Number of Orders:	
Customers' short sales	206
Customers' other sales *a*	15,233
Customers' total sales	15,439
Number of Shares:	
Customers' short sales	5,850
Customers' other sales *a*	378,127
Customers' total sales	383,977
Dollar Value	11,761,909
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	110
Other sales *b*	116,920
Total sales	117,030
Round-Lot Purchasers by Dealers—	
Number of Shares	80,910

a Sales marked "short exempt" are reported with "other sales". *b* Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Harrison Offers Inflation Solution

(Continued from Page 827)

an opportunity, through the established machinery of the market, to purchase a fair share of any substantial issue of securities. This cannot be done if the practice of private placement and competitive bidding by large institutional buyers is to continue on any material scale. A possible and reasonable inducement to curtail that practice might be to have the market itself waive some of the total commissions now charged for the services of managing, underwriting and retailing an issue of securities. In the case of buyers of large blocks it cannot be said that a commission covering each one of these services is fairly applicable. Such a concession to the wholesale purchaser would not be a new practice. It would simply be a reversion to an old practice which recognized that commissions charged by the market should bear some appropriate relation to the services actually rendered.

Whether this is the answer I do not know, but somewhere out of this confused picture we must find a practical solution that will preserve the machinery of the market and at the same time satisfy the perfectly legitimate rights of both borrowers and lenders, large and small.

Heads NY Cocoa Exchange

I. Henry Hirsch, President of the New York Cocoa Exchange, Inc., was re-elected to a third term at the annual elections held at the Exchange on Oct. 21. Charles H. Butcher was elected Vice-President and William J. Kibbe as Treasurer. In addition to the foregoing officers, the following were elected to the Board of Managers: William Berry, James Coker, James L. Clevenger, Jr., Samuel Y. Coyne, John F. Dengel, Jr., George Hintz, Timothy J. Mahoney, John J. Plough and Isaac Witkin.

Curb To Retire Seat

Arrangements have been made by the New York Curb Exchange to purchase and retire the membership of Herbert N. Rawlins, Jr., at $1,000. The transaction will be completed at the termination of a seven-day posting period, beginning Oct. 18. This will be the 12th seat to be retired under the plan adopted by vote of the membership on July 29, 1941. Present market for Curb Exchange seats is $1,000 bid by the Exchange offered at $2,500.

Sugar Statistics First 8 Months Of 1941

On Oct. 8 the Department of Agriculture issued its monthly statistical statement covering the first eight months of 1941, consolidating reports obtained from cane sugar refiners, beet sugar processors, importers and others. The statement, prepared by the Sugar Division of the Agricultural Adjustment Administration, shows that total deliveries of sugar during the period January-August 1941 amounted to 5,577,613 short tons, raw value, compared with 4,479,713 tons during the corresponding period last year.

The Department furnished details as follows:

Distribution of sugar in the continental United States during the first eight months of 1941 in short tons, raw value, was as follows:

Raw sugar by refiners (Table 1)	6,405
Refined sugar by refiners (Table 2, less exports)	3,748,281
Beet sugar processors (Table 2)	1,356,509
Importers direct-consumption sugar (Table 3)	428,005
Mainland cane mills for direct consumption (Table 4)	38,413
Total	5,577,613

The distribution of sugar for local consumption in the Territory of Hawaii for the first eight months of 1941, was 26,663 tons and in Puerto Rico 54,844 tons (Table 5).

Stocks of sugar on hand August 31, in short tons, raw value, were as follows:*

	1941	1940
Refiners' raws	541,376	526,625
Refiners' refined	236,424	407,380
Beet sugar processors	407,134	450,972
Importers' direct-consumption sugar	150,715	128,228
Mainland cane factors	325	12,491
Total	1,335,974	1,525,696

These data were obtained in the administration of the Sugar Act of 1937.

*Not including quota raws for processing held by importers other than refiners, which amounted to 41,925 short tons, commercial value, in 1941 and 61,408 short tons, commercial value, in 1940.

Table 1—Raw Sugar; Refiners' Stocks, Receipts, Meltings and Deliveries for Direct Consumption for January-August, 1941 (Short Tons, Raw Value)

Source of Supply	Stocks on Jan. 1, 1941	Receipts	Meltings	Deliveries for direct consumption	Lost by fire, &c.	Stocks on 8-31-41
Cuba	87,288	1,658,139	1,593,273	1,908	50	*150,196
Hawaii	34,798	678,454	602,398	1,712	0	109,142
Puerto Rico	88,889	653,380	657,000	653	45	84,571
Philippines	65,727	697,255	630,895	2	2	132,083
Continental U. S.	48,223	111,261	155,175	2,130	18	2,161
Virgin Islands	0	3,122	3,122	0	0	0
Other countries.	12,437	155,609	104,823	0	0	†63,223
Miscellaneous—(sweepings, &c.)	0	352	352	0	0	0
Total	337,362	3,957,572	3,747,038	6,405	115	541,376

Compiled in the Sugar Division, from reports submitted by sugar refineries on Form SS-15-A.

*Includes 56,631 tons in customs' custody.

†Includes 25,840 tons in customs' custody.

Table 2—Stocks, Production and Deliveries of Cane and Beet Sugar by United States Refiners and Processors, January-August, 1941 (short tons, raw value)

	*Refineries	Domestic beet factories
Initial stocks of refined, Jan. 1, 1941	271,268	1,601,654
Production	3,739,845	161,989
Deliveries	†3,774,689	‡1,356,509
Final stocks of refined, Aug. 31, 1941	236,424	407,134

Compiled by the Sugar Division, from reports submitted on Forms SS-16A and SS-11C by the sugar refineries and beet sugar factories.

*The refineries' figures are converted to raw value by using the factor 1.063030 which is the ratio of meltings of raw sugar to refined sugar produced during the years 1939 and 1940.

†Deliveries include sugar delivered against sales for export. The Department of Commerce reports that exports of refined sugar amounted to 26,408 short tons, raw value, during the period January-July, 1941. Data for exports during August are not yet available.

‡Larger than actual deliveries by a small amount representing losses in reprocessing, &c.

Table 3—Stocks, Receipts and Deliveries of Direct-Consumption Sugar from Specified Areas, January,August, 1941 (short tons, raw value)

Source of supply	Stocks on Jan. 1, '41	Receipts	Deliveries or usage	Stocks on Aug. 31, '41
Cuba	25,702	359,750	274,977	*110,475
Hawaii	0	2,943	2,943	0
Puerto Rica	241	128,135	105,227	†23,149
Philippines	12,932	43,873	41,205	15,600
Other foreign areas	303	4,841	3,653	1,491
Total	39,178	539,542	428,005	150,715

Compiled in the Sugar Division from reports and information submitted by importers and distributors of direct-consumption sugar on Forms SS-15B and SS-3.

*Includes 39,346 tons in custom's custody.

†Includes 4,548 tons in custom's custody.

Table 4—Mainland Cane Mills' Stocks, Production and Deliveries, January-August, 1941 (short tons, raw value)

Stocks on Jan., '41	Production	Deliveries—For direct consumption	Deliveries—For further processing	Stocks on Aug. 31, '41
60,214	71,093	38,413	92,569	325

Table 5—Distribution of Sugar for Local Consumption in the Territory of Hawaii and Puerto Rico, January-August, 1941 (short tons, raw value)

Territory of Hawaii	26,663
Puerto Rico	54,844

Trading On New York Exchanges

The Securities and Exchange Commission made public on Oct. 24 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 11, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 11 (in round-lot transactions) totaled 461,740 shares, which amount was 14.64% of total transactions on the Exchange of 3,127,350 shares. This compares with member trading during the previous week ended Oct. 4 of the revised figure of 424,890 shares or 16.44% of total trading of 2,450,090 shares. On the New York Curb Exchange, member trading during the week ended Oct. 11 amounted to 88,785 shares, or 13.19% of the total volume on that Exchange of 574,305 shares; during the preceding week trading for the account of Curb members of 82,950 shares was 14.89% of total trading of 485,650 shares.

With respect to the figures for the week ended Oct. 4 (given in these columns of Oct. 23, page 715) the SEC announces that the Stock Exchange has submitted corrected figures as follows for the round-lot transactions of its members:

Under Item B-1—	
Total purchases should be 192,210 instead of 190,010	
Total sales should be 207,550 instead of 203,950	8.16% instead of 8.04%
Under Item B-3—	
Total purchases should be 68,825 instead of 68,425	3.17% instead of 3.16%
Under Item B-4—	
Total purchases should be 380,635 instead of 378,035	
Total sales should be 424,890 instead of 421,290	16.44% instead of 16.31%

In the reports showing transactions initiated off the floor the figure should be 197 in place of 196, while the reports showing no transactions amounted to 604 compared with the previous figure of 605.

The Commission made available the following data for the week ended Oct. 11:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,056	773
1. Reports showing transactions as specialists	188	95
2. Reports showing other transactions initiated on the floor	188	34
3. Reports showing other transactions initiated off the floor	199	72
4. Reports showing no transactions	583	583

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 11, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	82,040	
Other sales b	3,045,310	
Total sales	3,127,350	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	229,250	
Short sales	37,850	
Other sales b	204,240	7.54
Total sales	242,090	
2. Other transactions initiated on the floor		
Total purchases	147,350	
Short sales	15,700	
Other sales b	113,460	4.42
Total sales	129,160	
3. Other transactions initiated off the floor		
Total purchases	77,170	
Short sales	5,000	
Other sales b	85,490	2.68
Total sales	90,490	
4. Total		
Total purchases	453,770	
Short sales	58,550	
Other sales b	403,190	14.64
Total sales	461,740	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Oct. 11, 1941

	Total For Week	Per Cent a
A. Total Round-Lot Sales		
Short sales	6,615	
Other sales b	567,690	
Total sales	574,305	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	40,455	
Short sales	4,480	
Other sales b	63,375	9.43
Total sales	67,855	
2. Other transactions initiated on the floor		
Total purchases	7,215	
Short sales	100	
Other sales b	5,275	1.10
Total sales	5,375	
3. Other transactions initiated off the floor		
Total purchases	14,990	
Short sales	475	
Other sales b	15,080	2.66
Total sales	15,555	
4. Total		
Total purchases	62,660	
Short sales	5,055	
Other sales b	83,730	13.19
Total sales	88,785	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	6	
Customers' other sales c	39,848	
Total purchases	39,854	
Total sales	20,977	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Mutual Life Pres. Urges Study Permitting Life Companies To Invest In Common Stocks

Appearing at a hearing in New York on Oct. 21 on the question of permitting life insurance companies to make investments in common stocks, Lewis W. Douglas, President of the Mutual Life Insurance Co. of New York told the Joint Committee of the New York State Legislative Committee which conducted the hearings that "I am unable to offer a definite recommendation either negative or affirmative, but I shall attempt to present, by way of emphasizing and pointing up the great need for a complete study, material which clearly presents the violent changes that haven taken place in the capital market, the reflection of those changes in the portfolios of life insurance companies, the experience of the institutions that have invested in common stocks, hypothetical experiences that might have been had, if trust funds had been invested in them, and the experience that institutional investors have had with bonds."

"No man realizes better than I," said Mr. Douglas, "the absolute necessity for safe investment of the policy reserves of life insurance companies." He went on to say:

> No question must ever arise as to their availability, in full and at once, for the purposes for which they are accumulated. It is because of this conviction and for reasons I shall develop, that I urge you to make a study, beginning as soon as possible, as exhaustive as possible, and carried on by the most competent staff.
>
> The life insurance companies administer and invest a significant part of the savings of our society, and afford a very important part of the protection which the members of our society have against the hazards of life and death. In a considerable sense, therefore, the welfare of the life insurance companies represents the welfare of our society. The investment of the savings has a tremendous effect upon economic progress, while, on the other hand, the results of investment greatly influence the availability of insurance to the people through effect upon cost of insurance.
>
> During the past 10 years, the available supply of investments of every kind except one—Federal government securities—has been shrinking until at last it has become very [illegible] indeed, both absolutely and in relation to the demand for investments. In the areas to which life insurance companies are restricted by law or by practice, the supply of other than government paper has been particularly scarce.

Mr. Douglas pointed out that "the four broad major types of investments that meet the requirements of the New York State law are corporation bonds, farm mortgages, urban mortgages, and the securities of public agencies." From his address we also quote:

> The total admitted assets of the 49 leading companies, which account for over 90% of the assets of all companies, rose by $11,000,000,000 from the end of 1930 to the end of 1940 and 58% went into domestic government securities. The bulk of the balance went into public utility bonds, probably through acquisition directly and indirectly from other investors.
>
> To state the case another way, the 49 companies in total had 7.7% of their assets in domestic governments at the end of 1930 and 28.1% so invested at the end of 1940.
>
> This absorption of the capital markets and of life insurance investments by government securities has occurred during the same period when interest rates have been falling precipitously due to the flight of capital to the United States, the easy money policy of the government, and the growing competition of the commercial banks, which have seen their commercial loans shrink to tiny proportions, for investments of the type life insurance companies can and do buy. This decline in interest rates of itself would have been sufficient substantially to have reduced life insurance company investment incomes and thus to have raised the cost of insurance to our policyholders. But this trend has been greatly accentuated by the necessity to put the preponderant part of new funds into government securities, which provides the lowest return of any type of investments.
>
> Very large declines in yield net of investment expense have been experienced by the companies whose record in this regard we have examined. Net investment yields among leading companies now generally range from 60% to 75% of those obtained in 1928. These declines have served substantially to increase the cost and therefore to reduce the availability of insurance. This is, therefore, a major social as well as economic problem.
>
> Unless an escape is found there appears to be no relief in the near future from this predicament.
>
> I believe that these facts make it clear that the life insurance companies need and should seek new investment outlets, especially those whoch might provide a higher rate of yield and at the same time safety of principal. I believe it evident that the position of the policyholders would be improved if new safe outlets can be found.
>
> To make the case the more compelling, we must note, from the record to which I have just referred, that if present trends continue, the life companies may within a few years find themselves holding little else than government paper at a very low yield and at a high cost to policyholders. Of course, a change in conditions might alter completely the trends which have prevailed during the last decade, and bring about a large supply of private obligations of the type customarily held by life companies. But this is hardly likely during a war economy at least, and no one can be certain what peace, when it comes, may hold.
>
> On all these grounds, the opening up of new outlets for life insurance companies, and a greater diversification of their assets appears to be imperative, provided always there is no departure from safe investment.
>
> The purchase of common stocks, which is a suggested new outlet, and which is the specific subject of your hearings today, presents a number of questions and problems. From the standpoint of a life insurance company these may be considered under four general headings: Safety and yield, standards of selection, methods of valuation, and administrative questions. I should like to consider each of these briefly.
>
> Numerous statistical analyses have been made of the safety and yield of common stocks as investments. Frankly, the results of an examination, while indecisive and conflicting, clearly and impressively indicate the pressing need for a complete study.

In his concluding remarks Mr. Douglas said:

> The statistical record that has been presented in this testimony is confusing and complicated. It indicates that what has been true in some cases of common stocks has also been true in some cases of bonds and mortgages. It leads, however, to the conclusion that if the insurance companies are to escape from the predicament of holding substantially nothing but governments in their portfolios new outlets for their funds must be disclosed, and that common stocks, on the record, as an outlet, should be thoroughly and completely studied.

Sumner T. Pike, SEC Commissioner, in reiterating his belief, at the same hearing, that life insurance companies should be allowed to invest in common stocks, said that "unless the laws restricting life insurance companies' investments are liberalized, serious consequences adverse to the interest of the life insurance companies, their policyholders and the general public will ensue." We quote from the "Wall Street Journal," which also indicated him as saying:

> Mr. Pike declared that life companies "in some instances have been writing contracts in effect guaranteeing rates of interest in excess of those which they are currently able to earn." He added that higher premium rates might thus be necessary, but said that "there is a serious question whether this is enough."
>
> "Many high grade common stocks are safe, sound and sane investments. Yet life insurance companies which need new investment outlets are prevented by statutes from investing in seasoned common stocks. I believe, however, that limited investments in high grade common stocks will foster greater safety of life insurance company investments. Common stocks will not only provide the necessary outlets for investment of life insurance funds, but this equity money will also put new blood into American industry and assure the basic soundness of present life insurance companies' bond investments."
>
> Mr. Pike declared that while "reasonable limitations" should be imposed on such investments, it is not advisable to write many restrictions into the insurance law. He suggested instead that the New York Department of Insurance be allowed "to exercise considerable discretion in permitting common stock investments by life insurance companies."

In its account of the views presented at the hearing on Oct. 21, the "Wall Street Journal" also said in part:

> New York State Commissioner of Insurance Lewis H. Pink was joined by counsel for Governor Herbert H. Lehman in opposing action at this time.
>
> John W. Stedman, Vice President of the Prudential Insurance Co. of America, questioned the advisability of permitting life companies to invest in common stocks unless the amount which could be placed was "severely limited."
>
> Frederick H. Ecker, Chairman of the board of the Metropolitan Life Insurance Co., on the other hand, flatly said that he was "against" the proposal.
>
> Mr. Stedman declared that policyholders' confidence could be maintained "only if stock investment were limited to an extremely small percentage of total admitted assets." This should certainly not exceed either 5% of assets or less than the ratio of surplus to assets, he added.
>
> He criticized common stock investments on two grounds. One was that the life firms might have to exercise responsibility for businesses in which they had invested in case of reorganizations and thus might be suspected of seeking to extent their economic power. He questioned whether investment officials of the life companies would have "the judgment and courage to buy when stocks are cheap"—that is, "when earnings though improving are down and the outlook for recovery is cloudy."
>
> Mr. Sterman admitted that there was a diminishing income return as investment outlets decrease. The outlook, he added, is "not propitious." Only the government shows need of increased capital, he said. Common stock investments, therefore, would provide "wider diversification," particularly since not a few companies have neither bonds nor preferred stocks outstanding.
>
> Mr. Ecker told the committee "it would be a sin to utilize the policyholders' funds in life insurance companies to speculate in common stocks."
>
> "Life insurance management certainly is alive in changing conditions," Mr. Ecker declared, and seeks all possible, safe outlets for investments. He cited the experience of Metropolitan in large scale housing developments as an example of this.
>
> He also declared that the sharp fluctuation in common stock values would impair the position of the life company. As an example, he noted that if 15% of assets were placed in common stocks, with a surplus of 5%, a one-third decline in stock prices would wipe out surplus entirely.
>
> State Superintendent of Insurance Louis H. Pink at the morning session said that his department would probably "not be "much concerned" if very small amounts of suitable restricted stocks were open to life investment. He declared, however, that any such move would let down the barriers for more and more investments in common stocks. More important he said, insurance companies "will necessarily have to control to a far greater extent than they do today the industries and resources of this nation."
>
> Therefore, based on past experience, Mr. Pink declared that he felt that "the burden of proof is very strongly on the proponents of this measure."
>
> Dwight C. Rose, a long time supporter of common stock investments by life firms and a partner of the investment counsel firm of Brundage, Story & Rose, declared that violent short-term fluctuations in common stock prices, while a disadvantage to most investors, "may be used to the advantage of a regular annual investors, such as our life insurance companies. That is to say, a million dollars invested when the market stood at 50 would buy twice as many shares as when the market stood at 100," he said.
>
> "So far as I know, our life companies are the only large investor group with this automatic buying advantage in fluctuating equities. Such action by any large group of investors would also have a beneficially stabilizing effect on the market and be in the public interest."
>
> Mr. Rose declared that life companies "would seem to require for purposes of fundamental diversification alone at least a minor holding in the healthiest and largest segment of our national economy—the industrial companies — even though such investments must be represented by stocks instead of bond certificates."

In the "Wall Street Journal" it was also stated:

> Chairman Russell Wright of the legislative committee inquiring into the plan, said that the entire problem requires an exhaustive study before a decision can be reached. Mr. Wright added that his committee does not now have the funds necessary to conduct such a study.
>
> The committee as a whole has taken no formal action. It is possible that it may reach a decision to seek additional funds. The possibility that some qualified outside agency may be asked to examine the matter also may be brought up for consideration. At any rate, Mr. Wright said, the next public hearing on common stock investment—should one be held—probably will not come until the New York Legislature goes into session next year.

Mr. Wright's statement followed the conclusion of the hearings.

Illinois Employment Up

Reports from 6,532 combined Illinois industrial and business establishments show increases of 0.4% in employment and 1.0% in payrolls for wage earners in these establishments from August to September, 1941, according to an announcement issued Oct. 20 by the Illinois Department of Labor. These percent changes, it is pointed out, are based on reports covering a sample group of 805,591 wage earnings in Illinois manufacturing, trade, service, public utility, coal mining, and building construction establishments. The Department's announcement further stated:

> With the exception of one month, there has been an increase in both employment and payrolls in the combined group of reporting establishments for each month since April, 1940, or for a 17-month period. The exception was the decline in both employment and payrolls from December, 1940 to January, 1941. This decline approximated the average December to January decline for previous years.
>
> Ordinarily a slightly greater increase in employment with a somewhat smaller gain in payrolls would be expected from the middle of August to the middle of September for all-reporting industries The average August to September changes for the previous 18-year period (1923-1940) were average increases of 1.2% for employment and 0.4% for payrolls. A rise in both employment and payrolls from August to September was recorded in ten of the years from 1923 to 1940.
>
> The all-reporting industry index for September was 131.1 and the payrolls index was 163.2 (monthly average 1935-1939 equals 100). These indexes are 21.1% and 37.3% higher, respectively, than the indexes for September, 1940, and are 12.9% and 33.1% higher, respectively, than the indexes for September, 1937, or the peak employment month in 1937. A word of caution should be inserted. The above percent changes for "all-reporting industries" are somewhat greater than the changes for "all Illinois industry." This is due to the fact that the reporting sample is heaivly weighted for manufacturing industries wherein have been the greatest employment gains, and because the sample does not cover industries such as agriculture, transportation, finance, real estate, governmental service, professional, and domestic services, wherein the employment gains undoubtedly have been much smaller than in manufacturing industries.

James Stillman Estate First Accounting Filed —Chairman Of National City Bank Died In 1918

The Executors and Trustees of the Estate of the late James Stillman have filed their first accountings in the Clerk's office of the New York Surrogate's Court covering the 23 year period from Mr. Stillman's death March 15, 1918 to August 31, 1941. Mr. Stillman, who was Chairman of the Board of the National City Bank of New York at the time he died, included among his assets at the date of his passing 45,911 shares of National City stock, which grew to 327,315 shares at Aug. 31 last, due to stock split-ups and the exercise of rights in the intervening period. At recent market prices these shares are estimated to have a value of $10,164,830.

Mr. Stillman first became associated with the National City Bank as a director in 1883; he became President in Nov., 1891, from which post he resigned Jan. 12, 1909, serving thereafter to his death as Chairman of the Board. Under Mr. Stillman's administration the National City was built from a local institution to an international organization with branches throughout the world.

The accounting, which was filed for the estate by the law firm of Sherman & Sterling, also showed:

At the time of Mr. Stillman's death, his estate was valued at $41,272,840.28 in the New York inheritance tax proceeding. The accounts showed that the corpus of the estate has fluctuated greatly in value, from time to time, owing to the large holdings of bank and trust company and other stocks, which appreciated greatly in value during the years prior to 1929, but depreciated even more greatly during 1932 and subsequent years. Among the larger holdings of stocks were:

45,911 shares of National City Bank of New York,
4,054 shares of National Bank of Commerce,
5,740 shares of Second National Bank of New York,
3,371 shares of Citizens National Bank of New York,
3,150 shares of Farmers Loan & Trust Company,
1,340 shares of Lincoln National Bank,
700 shares of New York Trust Company,
304 shares of United States Trust Company,
713 shares of Corn Exchange Bank,
138 shares of San Antonio National Bank of San Antonio, Texas,
160 shares of Riggs National Bank, Washington, D. C.

Among the large blocks of other stocks were:

25,000 shares of American International Corporation,
21,068 shares of United States Realty & Improvement Company,
17,608 shares of Chicago Utilities Corporation, common,
11,686 shares of Chicago City & Connecting Railway Company, preferred,
9,090 shares of New Mexico & Arizona Land Grand Corporation,
7,216 shares of St. Louis & San Francisco Railroad Company, common,
6,732 shares of Kennecott Copper Corporation,
4,700 shares of Midvale Steel & Ordnance Company,
3,619 shares of New Jersey Zinc,
3,255 shares of Union Pacific Railroad Company, preferred,
3,175 shares of New York Central Railroad,
3,000 shares of Haskell & Barker Car Company,
3,000 shares of Yukon, Alaska Trust Company,
2,500 shares of Seaboard Air Line, common,
1,892 shares of Seaboard Air Line, preferred,
2,256 shares of Anglo-American Oil Company, Ltd.,
1,128 shares of Standard Oil Company of New Jersey,
1,136 shares of Standard Oil Company of New York,
500 shares of American Smelting & Refining Company.

The accounts showed that the inheritance taxes paid on the estate amounted to $10,424,729.09. At the time of Mr. Stillman's death the Federal estate tax was graduated from a low of 2% to a high of 25%, as contrasted with the highest rates on estates of the size of Mr. Stillman's under the present Federal estate tax law of 77%.

The beneficiaries now interested in the estate cited in the accounting proceeding are James A. Stillman; his daughter, Anne Stillman Davison, the wife of Henry P. Davison, of J. P. Morgan & Co., and their children, Henry P. Davison, Jr., James Stillman Davison, Anne Davison and Frances Davison; Dr. James Stillman, a son of James A. Stillman, and his children, Leanne Stillman, James Stillman, Jr., and Fowler McCormick Stillman; Alexander Stillman, a son of James A. Stillman, who is unmarried; Guy Stillman, a son of James A. Stillman, and his children, Alexandra Stillman and Victoria Ann Stillman; Dr. Ernest G. Stillman and his children, Jane Stillman Martin, Calvin Whitney Stillman, John Sterling Stillman, Timothy Goodrich Stillman, Dora W. Stillman and Penelope Stillman; Alice Martin and March Martin, the children of Jane St[illegible]man Martin; Mrs. Langbourne M. Williams, Jr., and Chauncey D. Stillman. The children of Mrs. William G. Rockefeller and of Mrs. Percy A. Rockefeller are not cited, because the petition sets forth that they accepted the amounts payable to them on the deaths of their mothers and executed releases and discharges to the Trustees.

The trusts for James A. Stillman and Ernest G. Stillman, originally valued at approximately $10,000,000, have a value of about $9,500,000.

Pa. Factory Employment

Employment in Pennsylvania factories in September approximated the August peak of nearly 1,150,000 workers and wage payments continued at the record level of about $35,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,814 establishments and announced Oct. 20. The number employed was 21% larger than a year ago, the volume of wage disbursements 43% greater, and the total number of hours worked increased 32%. The Bank also says:

Activity was unusually well maintained in September in steel, leather, and a number of other major lines, the principal exception being textiles. Increases over a year ago in wage payments were especially sharp in the heavy industries, particularly those producing transportation equipment, virtually all lines of steel, and many nonferrous metal products.

At reporting Delaware factories employment increased nearly 3% from August to September to a level 34% above a year ago. Payrolls showed a gain of about 2% in September and were 65% larger than in 1940. Increased activity last month was due chiefly to sharp seasonal expansion in canning and preserving.

ABA Trust Division And American Bar Ass'n Adopt Joint National Statement Of Policies

A joint national statement of policies regarding relationships between lawyers and trust institutions has been adopted by the National Conference Group, consisting of representatives of the American Bar Association and representatives of the American Bankers Association, Trust Division, it was announced on Oct. 17 by Richard G. Stockton, President of the Trust Division. Mr. Stockton is Vice-President and Senior Trust Officer of the Wachovia Bank and Trust Co., Winston-Salem, N. C. The announcement from the ABA says:

"Mr. Stockton pointed out that the interest of the public was paramount in the promulgation of this statement of policies and characterized it as a constructive and important milestone in relations between lawyers and trust institutions. He paid tribute to the fine cooperation of the attorneys in the conference group, especially their Chairman Edwin M. Otterbourg of New York.

This statement of policies was adopted by the National Conference Group in Indianapolis, Ind., Sept. 27, and was unanimously approved by the Executive Committee of the American Bankers Association Trust Division at its annual meeting in Chicago on Sept. 29. On the same day it was approved in Indianapolis by the Standing Committee on Unauthorized Practice of the Law of the American Bar Association and presented as a part of its report to the House of Delegates to the American Bar Association on Oct. 1 at its annual convention in Indianapolis.

The following is the declaration of policies adopted by the National Conference Group:

(1) Trust institutions should neither perform services which constitute the practice of law nor otherwise engage in such practice; therefore, they should not draw wills or other legal documents nor perform services in the administration of estates and trusts where such acts by law or local procedure are considered the practice of law.

(2) The development of trust business by a trust institution should be on the basis of assistance to the customer in the use of the institution's trust services and facilities as related to his business or financial matters.

In all legal questions which may arise in the development of trust business, the trust institution should advise the customer to confer with his own lawyer or a lawyer of his own choosing.

(3) The trust institution should respect and not interfere with the professional relationship existing between an attorney and his client, and an attorney should respect and not interfere with the business relationship existing between a trust institution and its customer. It is recognized, however, that in all cases the interest of the client is paramount. An attorney at law must reserve the right to advise his client with respect to the choice of a fiduciary. The attorney should not seek to displace the institution of the client's choice by inducing the appointment of some other institution or individual unless the attorney believes the client's affairs demand services peculiar to some particular institution or individual, or where the attorney believes that the true interest of the client will suffer if such substitution is not made.

If the trust institution is requested by its customer to recommend counsel, any counsel so recommended should be in a position to advise the customer disinterestedly, and it is preferable that the trust institution, when making such recommendations of counsel to its customer submit, without recommending one above another, the names of several attorneys in whom it has confidence, leaving the choice of the selection to the customer.

(4) A trust institution, qualified and authorized by law as a legitimate business enterprise, has an inherent right to advertise its trust services in appropriate ways. It should not, directly or indirectly, offer to give legal advice or render legal services, and there should be no invitation to the public, either direct or by inference in such advertisement, to bring their legal problems to the trust institution. Its advertisement should be dignified and the qualifications of the institution should not be overstated or overemphasized, and it should not be implied in any advertisement that the services of a lawyer are only secondary or ministerial, or that by the employment of the services of the trust institution, the employment of counsel to advise the customer is unnecessary.

(5) In the employment of counsel, the trust institution should endeavor, in the absence of compelling reasons to the contrary, to engage the attorney who drew the instrument, or who represented the testator or donor, to perform any legal work required in the course of trust or estate administration.

Congratulations

A letter from President Roosevelt congratulating the Philharmonic-Symphony Society of New York on its hundredth anniversary was received by Marshall Field, President of the Society's Board of Directors, and read over the radio during the concert's intermission on Oct. 12. The President's message follows:

In the record of a changing world, one hundred years is a long time indeed for any instrument of art to survive and to flourish. It is heartening to me to realize that in America the message of music may still be proclaimed as of old.

Nowhere is this more clearly exemplified than in the splendid history of the Philharmonic-Symphony Society of New York as it enters the hundredth year of its abundant life, enriching an ever vaster audience of music lovers through the facilities of radio. I hope that the work of the Society will prosper and the sphere of its influence will ever extend through long years to come."

Export Cotton Sales

The Department of Agriculture announced Oct. 15 that total sales reported thus far under the Federal program for the export of cotton to Canada, amounted to 102,162 bales as of Oct. 15, 1941. This export program was placed in operation Sept. 27.

Under the program Federal payments are made to exporters, at rates in effect at the time the sale is made for United States cotton actually exported to Canada. Rate changes are announced from time to time and remain effective for the periods designated in the announcements. The announcements also fix the quantity of cotton which may be sold by any one exporter.

The present rate of payment is 2.5 cents per pound of cotton exported, which is the same as the rate given in the original announcement.

Living Costs Rise In Industrial Cities

Living costs rose between August and September in each of the 60 industrial cities surveyed each month by the Division of Industrial Economics of The Conference Board, made public Oct. 17.

The advances ranged from a low of 0.8% in Cleveland to a high of 4.9% in Oakland, the Board said; it added:

Increases of 2% or more were recorded in 16 cities. The rise of 4.9% in Oakland living costs was due to the combination of a 17.8% rise in rentals, 5.2% in clothing, 3.4% in housefurnishings, 3.3% in food, a fractional change in sundries, and no change in fuel and light. The change in rentals is preliminary and subject, therefore, to revision. In New Orleans, where living costs rose 3.0%, the change was due entirely to a 5.8% rise in retail prices of food, a 5.2% increase in clothing costs, and a 3.1% rise in housefurnishing prices. The other major budget items remained unchanged. In Cleveland, clothing and housefurnishings costs advanced appreciably, but the other items in the family budget showed either fractional advances or no change.

The Board's tabulation follows:

Percentage Changes in Living Costs In 60 Cities From August to September, 1941.
Source: The Conference Board.

City—	% Change
Oakland	+4.9
New Orleans	+3.0
Syracuse	+2.8
Roanoke	+2.6
Philadelphia	+2.3
St. Louis	+2.3
Wilmington	+2.3
New Haven	+2.2
Providence	+2.2
Des Moines	+2.1
Louisville	+2.1
Portland, Ore.	+2.1
Richmond	+2.1
Baltimore	+2.0
Omaha	+2.0
Pittsburgh	+2.0
Buffalo	+1.9
Lansing	+1.9
Macon	+1.9
Seattle	+1.9
Fall River	+1.8
Toledo	+1.8
Chicago	+1.7
Dayton	+1.7
Kansas City	+1.7
Parkersburg	+1.7
Rochester	+1.7
Spokane	+1.7
Atlanta	+1.6
Manchester	+1.6
Memphis	+1.6
Newark	+1.6
Youngstown	+1.6
Birmingham	+1.5
Chattanooga	+1.5
Front Royal	+1.5
Houston	+1.5
Lynn	+1.5
Minneapolis	+1.5
Muskegon	+1.5
St. Paul	+1.5
Wausau	+1.5
Dallas	+1.4
San Francisco	+1.4
Bridgeport	+1.3
Duluth	+1.3
Erie	+1.3
Meadville	+1.3
Milwaukee	+1.3
Cincinnati	+1.2
Denver	+1.2
Indianapolis	+1.2
Boston	+1.1
Los Angeles	+1.1
Sacramento	+1.1
Grand Rapids	+1.0
New York	+1.0
Akron	+0.9
Detroit	+0.9
Cleveland	+0.8

President Roosevelt Proclaims Civilian Defense Week At La Guardia's Request

President Roosevelt on Oct. 22 proclaimed the period from Nov. 11 to Nov. 16 as a time during which all Americans should give thought to their duties and responsibilities in the defense of the United States. Saying it is the "manifest duty and desire" of every person to participate in measures essential to civilian defense, the President urged that people became better informed of the vital phases of the program and of the opportunities to participate in it. The proclamation, it was stated, was issued at the request of Mayor F. H. LaGuardia of New York City, Director of the Office of Civilian Defense. The President's proclamation reads as follows:

By the President of the United States of America

A Proclamation

Whereas on May 20, 1941, with a view to ensuring the most effective correlation and use of the instruments of civilian defense, I established by Executive Order the Office of Civilian Defense; and

Whereas by my proclamation of May 27, 1941, I declared that an unlimited national emergency confronts this country, which requires that its military, naval, air and civilian defenses be put on a basis of readiness to repel any and all acts or threats of aggression directed toward any part of the Western Hemisphere; and

Whereas it is the manifest duty and desire of every person in the United States to participate in measures essential to civilian defense:

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do hereby designate the period commencing on Armistice Day, Tuesday, Nov. 11, 1941, and continuing through Sunday, Nov. 16, as a time for all persons throughout the nation to give thought to their duties and responsibilities in the defense of this country, and to become better informed of the many vital phases of the civilian defense program and of the opportunities which it offers for the participation of every individual American in the defense of our priceless heritage, and I request the Governors of the several States, Territories and possessions of the United States to issue similar proclamations.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the City of Washington this twenty-second day of October in the year of our Lord Nineteen Hundred and Forty-one and of the Independence of the United States of America the One Hundred and Sixty-sixth.

(Seal)

FRANKLIN D. ROOSEVELT.

By the President:
Cordell Hull,
Secretary of State.

In his statement on Civilian Defense Week, as given in the New York "Herald Tribune," Mayor LaGuardia said in part:

The President has proclaimed Nov. 11 to 16 as Civilian Defense Week.

Its purpose will be threefold:

To stimulate the people to an awareness of the need for civilian defense and the many specific ways in which people can participate;

To inform the people as to how local civilian defense groups are being organized and how a civilian can enroll and serve;

To stimulate the establishment of volunteer offices so that active civilian protection and community service programs can proceed promptly.

The theme of the week will be this: The only effective answer to total war is total defense.

General plans for the week have been formulated by the Washington Office of Civilian Defense and co-operating governmental and private groups.

* * *

I, therefore, urge that every State and local defense council give this program its immediate attention and do whatever necessary to translate it into action without delay.

U. S. Speeds War Supplies For Russia

In a White House statement issued Oct. 13, President Roosevelt announced that large amounts of supplies have recently been sent to Russia and that "everything possible is being done to send material to Russia to help the brave defense which continues to be made." He also said that before the end of October "all of the munitions, including tanks, airplanes and trucks promised at the Moscow conference" for delivery this month will be sent to Russia."

The text of the White House statement follows:

The President announced today that within the past few days large amounts of supplies have been sent to Russia. He further stated that all of the munitions, including tanks, airplanes and trucks, promised at the Moscow Conference for delivery in October, will be sent to Russia before the end of the month.

These supplies are leaving United States ports constantly.

The staffs in the Army and the Maritime Commission have worked over the past week-end rushing supplies to the seaboard, and everything possible is being done to send material to Russia to help the brave defense which continues to be made.

The agreement reached at the Moscow Conference by officials of the United States, Great Britain and Soviet Russia was mentioned in these columns Oct. 9, page 527.

On Oct. 20 W. Averell Harriman, head of the American delegation to the recent Moscow conference, talked with President Roosevelt, at the latter's Hyde Park (N. Y.) home, on the Russian supply situation. Mr. Harriman, who arrived in this country from Europe on Oct. 18, again conferred with the President at the White House on Oct. 21. After the meeting he said that Russian requests were analyzed and found to be reasonable, at the same time indicating that substantially all of the materials asked for will be delivered in the next few months.

Further evidence of expediting American aid to Russia was contained in the announcement made by the Treasury Department on Oct. 20 that $30,000,000 had been advanced to the Soviet Union from the Stabilization Fund against gold to be delivered to the United States within the next six months. The agreement was made on Oct. 10, Secretary Morgenthau revealed, emphasizing that the transaction was a purchase and not a loan. He also said that the previous $10,000,000 advanced on Aug. 15 against future gold deliveries had been repaid in 65 days, instead of the 90 days allowed; this advance was reported in our Oct. 2 issue, page 412.

Four Major Responsibilities Of Savs. Banks In Face Of Inflation And Post-War Recession

The possibility of an inflationary rise in prices and the danger of a financial let-down after the huge war effort all summon the sensible, practical people of America to protect themselves now by increased prudence and greater thrift while time and money are available," declared Henry Bruere, President of the Savings Banks Association of the State of New York, and President of the Bowery Savings Bank, in opening the 48th Annual Meeting of the Association before 550 savings banks officers, trustees and guests at White Sulphur Springs, W. Va., on Oct. 20. "At last thrift, not spending," he said, "is given the star lead in the great national drama." "Savings banks responsibilities, arising out of the current conditions, fall into four main divisions," said Mr. Bruere, viz:

"First, we have the general duty of aiding the nation in every way appropriate to our place in the community and responsibilities to our localities and state.

"Second, we must promote by renewed effort knowledge of the importance of thrift as a measure of national defense and take an aggressive part in developing saving habits.

"Third, we must promote the sale of defense bonds equally with our effort to spread the service of our banks to new savers.

"Fourth, we must take steps to help provide housing for defense workers under the Federal insurance plan."

In discussing the savings banks' general duties toward aiding the nation in national defense, Mr. Bruere pointed to the savings banks' unique position "to play an important part in any democratically organized community effort to accomplish a common good." He added:

"Our committee on government expenditures has laid the foundation for further practical effort in the direction of economy in public expenditures. It is not an easy thing to accomplish. Public funds are generally easier to spend than to save. But now we have necessity adding its weight to good intentions. It is imperative that all unnecessary expenditures, local, state and national, shall be deferred until happier times, when taxpayers will be better able to meet their cost and, in the case of public works, the economy will be helped rather than injured by their prosecution."

"However, America cannot be saved by government alone, but only by the intelligent cooperation of citizens and public officials working with mutual respect.

"The aims the savings banks pursue and the practices they employ are precisely those desired by the government to enable it to meet its huge financial burdens and to minimize the dangers of assault by America's No. 2 potential enemy, economic and financial inflation. Our Committee on Public Relations at this time is proposing a statewide educational campaign for the promotion of thrift and understanding of the savings banks. The vast increase in the national income rising from 69 billions in 1939 to an estimated 92 billions for 1941, with an estimated increase next year of 15 billions more, compels us to urge saving as dramatically and as insistently as we can as a duty to the average man and woman. The public appetite for shrunken supplies of available consumer goods must be restrained."

"It will make little difference in financing the war effort which direction the flow takes, because the savings banks will continue to find government bonds their chief form of investment. That investment would increase if the Treasury should find it practicable to provide for savings and insurance institutions a special type of registered bond of attractive yield, not to be marketable for a fixed period, but to be placed at the bottom of the security box. It is not a novelty in the world of finance. For generations the British Treasury has made such securities available to the British trustee savings banks with mutual benefit to the Treasury and the banks."

Life Payments Mount

Payments by life insurance companies to living policyholders this year in the form of endowments, annuities, disability payments, surrender values, and dividends, passed the billion-dollar mark with the distribution of $105,624,000 in August, bringing the total for the year to date to $1,036,167,000, the Institute of Life Insurance reported on Oct. 16. "The use of life insurance benefits for policyholders while they are still living has grown increasingly in recent years," Holgar J. Johnson, President of the Institute, stated in making public the monthly report.. "Although death benefits paid to American families have tripled in the past 20 years," he said, "the benefits paid to living policyholders have increased at an even greater rate and this year will be at least $1,250,000,000 greater than in 1921."

The Institute's announcement added:

Total death benefits paid in August were $78,165,000, of which $58,531,000 was for ordinary insurance, $8,931,000 was for group insurance and $10,703,000 was for industrial insurance.

Total endowment payments in August were $17,381,000, of which $12,075,000 was for ordinary insurance and $5,306,000 was for industrial insurance.

Disability payments totaled $7,805,000 in August, annuity payments $12,029,000, surrender value paid out $41,588,000 and dividends to policyholders $26,821,000.

In all, payments to policyholders and beneficiaries in August aggregated $183,789,000, swelling the total for the first eight months of this year to $1,714,983,000.

Total payments for August and for the year to date were as follows:

	August	8 Months
Death benefits	$78,165,000	$678,816,000
Endowments	17,381,000	178,166,000
Disability	7,805,000	67,479,000
Annuities	12,029,000	105,503,000
Surrender value	41,588,000	393,545,000
Dividends to policyholyders	26,821,000	291,474,000
Total	$183,789,000	$1,714,983,000

Heads NYC Defense Savs.

Lewis W. Douglas, President of the Mutual Life Insurance Co. of New York, has been appointed Chairman of the Treasury Department's defense savings campaign in the Greater New York City area and co-chairman of the New York State campaign, it was announced on Oct. 9 by Secretary Morgenthau. In the State campaign Mr. Douglas will act with Col. Richard C. Patterson, Jr., who was made Chairman of New York Defense Savings Committee last July. Mr. Morgenthau also announced that Edward H. Letchworth, Buffalo attorney, will also serve as Chairman of the campaign in up-State New York.

Property Seizure For Defense Becomes Law

The White House announced Oct. 17 that Presideent Roosevelt had signed on Oct. 16 the legislation authorizing him to requisition supplies, equipment and machinery needed for national defense. Congressional action on the Administration's draft property bill was completed on Oct. 6 when the House adopted by a voice vote the conference report on the long-delayed legislation. The Senate had approved the report on Sept. 25. The bill authorizes the President to take over for defense, upon payment of "just compensation," based on fair market value of the property, military or naval equipment, supplies, munitions and machinery or articles necessary to their servicing and operation. The powers are limited to June 30, 1943.

When the bill was originally introduced by the War Department early in June it authorized requisitioning of any property. Following considerable opposition, the War Department modified the legislation, specifying the particular items which could be taken over. This measure was passed by the Senate on July 21 and by the House on Aug. 5. Differences in the Senate-House conference committee on a compromise bill had delayed final enactment. House passage of the legislation was noted in our issue of Aug. 9, page 771. In Associated Press accounts from Washington Oct. 17 it was stated:

In order to requisition any material, the President must first determine that there is an immediate need which will "not admit of delay or resort to any other source of supply."

The law also requires a finding that "all other means of obtaining the use of the property for the defense of the United States upon fair and reasonable terms have been exhausted."

If the owner declined to accept the compensation offered by the Government, he would be paid 50% of the amount offered and would be permitted to sue the Government for an additional amount.

When the President determines that requisitioned property is no longer needed for the defense of the United States, it must be returned upon payment of fair value. In any event, property must be returned by December 31, 1943, if the owner desires it and pays a "fair price."

The measure excludes from its terms authority to requisition or require registration of firearms possessed by any individual for his personal protection or sport or in any way to infringe on the constitutional right of an individual to keep and bear arms.

It also would not authorize "the requisitioning of any machinery or equipment which is in actual use in connection with any operating factory or business and which is necessary to the operation of such factory or business."

Minister To Costa Rica

The Senate on Oct. 9 confirmed the appointment of Arthur Bliss Lane of New York as Minister to Costa Rica. Mr. Lane, a veteran career diplomat, was nominated by President Roosevelt on Oct. 2. He had been Minister to Yugoslavia when the German army occupied that country. Since his return to the United States last June, Mr. Lane has been on leave of absence pending appointment to a new post.

Congress Of American Industry Will Meet In New York City Week Of December 1-5

The Congress of American Industry will meet at the Waldorf Astoria in New York City during the week of Dec. 1-5, Walter D. Fuller, President of the National Association of Manufacturers, announced. Mr. Fuller said his keynote speech and the theme of the Congress would stem from the opening lines of the Preamble to the Constitution, "To secure the Blessings of Liberty." Preliminary information about the annual conclave of the Nation's manufacturers disclosed that Army, Navy and defense officials from Washington dominate the list of scheduled speakers. Donald M. Nelson, Executive Director of the seven-man Supply Priorities and Allocations Board, William S. Knudsen, Director General of the OPM, and Leon Henderson, Price Administrator, will participate in the first day's sessions.

In making the announcement, Walter D. Fuller advised members of the association that no convention in this history of American industry would equal the 1941 congress for "straightforward talk about the affairs of the entire world and of this Nation." Ten thousand manufacturers, the majority of whom are engaged either in mass production of planes, and other materiel for the armed forces or who feed the supply lines as sub-contractors, are expected to take part in the convention.

The National Industrial Council, sponsored by the National Association of Manufacturers, will convene for the first two days of the week, Dec. 1 and 2. Representing over 40,000 manufacturing establishments, the N.I.C. sessions will be attended by heads of state and local associations from every industrial state in the union.

The formal opening sessions of the Congress of American Industry on Dec. 3 will outline the pattern of discussion for the rest of the week. The future of America, the facts as seen today, and the impact of defense upon civilian industry will be analyzed by experts.

N. Y. Banking Board Will Not Add To Legal List Issues Marketed To Favor Large Institutions

In the future the New York State Banking Board will not add to the New York legal list those securities which are marketed in such manner as to favor a few large institutions, it was indicated on Oct. 21 by State Superintendent of Banks, William R. White, in addressing the 48th Annual Meeting of the Savings Banks Association of the State of New York.

Investment by savings banks, it is pointed out, is governed principally by detailed statutory tests. The Banking Board, however, has the power to add to the list of securities eligible for purchase by savings banks other corporate interest-bearing obligations which do not meet the rigid tests of the law.

"The last issue made legal by the Board was American Telephone & Telegraph debentures of 1975," said Mr. White, who added:

"In this case the action of the Board was futile because, as a result of the competitive bidding procedure pursuant to which these securities were marketed, the entire issue was bought by three life insurance companies.

"At its last meeting the Banking Board considered the question of whether it should approve any issue of securities where there is a likelihood that none will be available for savings bank purchase. The Board decided that to add such issues to the list results in no advantage to savings bank depositors but, on the contrary, favors a marketing plan the advantages of which rest almost entirely with a few gigantic institutions. It is not likely, that in the future issues marketed in this manner will be added to the New York legal list by the Banking Board."

The remarks, it is noted, carry a wider implication since securities legal for savings banks are also legal for trustees. Moreover, certain other States tend to follow New York. In discussing Defense Bonds, Mr. White said:

"It is important that we all comprehend the magnitude of this undertaking. In Great Britain the citizens have turned back to their Government about one-half of the increase in national income, which has increased 14 billion dollars in a year. We must, to equal the British record, turn back to our Government seven billion dollars yearly in subscriptions to Defense Bonds.

"The savings banks, because of their contacts with millions of savers, are in a position to establish an enviable record in this campaign. I am sure that you will do your part."

Turning to bank operating problems, Mr. White urged the sale of real estate and the amortization of mortgages, saying:

"The events of the last few years, and the prospect of future innovations, all point to the necessity of taking full advantage of the effects of increased employment and payrolls to dispose of real estate.

"These factors should also convince us of the advisability of obtaining amortization on old mortgages which, if allowed to continue without principal reduction, are likely to find their way into the real estate account."

Canadian Production Up

In its Oct. 22 "Business Summary," the Bank of Montreal says that during the past month practically all the strikes which have been retarding industrial production have been settled and the output of armaments and munitions has been proceeding more closely to schedule as a result. The bank further says that good headway is being made with the shipbuilding program and that the production of tanks is progressing steadily. Regarding other business activity, the bank's review says:

The production of the primary iron and steel plants has been so greatly expanded that they have recently been working on a scale well above their rated capacity. In recent weeks other industries particularly active have been newsprint, textiles, flour milling and transportation. In certain industries there was, during September, a slight recession of activity, attributable in some instances to shortages of raw material and in others to retooling operations. The industries which have not ample orders on hand are very few.

Foresees End Of War In Winter Of 1942-3; Expects Early 1942 Business To Be Like 1941

According to Roger W. Babson, the fighting in the European war "should be over sometime in the winter of 1942-43." "By that time," he says, "the balance of armaments will be definitely on the side of the Allies." He also stated:

Italy may even be fighting on the side of the Allies by the middle of next year. Against the combined forces of the far-flung British empire, the millions of unconquered Russians, the vast output of American factories, Hitler will be stalemated by the spring of 1943.

This view was submitted by Mr. Bason in answer to a question presented on Oct. 18, when he conducted his annual question box in which he discussed leading subjects bearing on business and investments at the round table session of the 28th Annual National Business Conference at Babson Park.

Some of the other questions and answers were the following:

Question: Is the United States going to get into the war?

Answer: The U. S. Navy is now at war. The entire U. S. economic machine is now at war. We are facing the heaviest taxes in history. We are raising an army of a million young men. We are placing our entire production facilities at the disposal of Britain and Russia. We are in that sense already at war as the quartermaster's department of World War II. But I do not expect that we will be obliged to send another A.E.F. to Europe.

Question: What is the business outlook for the first half of 1942?

Answer: Business will be about equal the same period of 1941. Some types of industry will of course show phenomenal gains under the spur of the Defense Program, other lines will sharply fall off. But the average of business volume during the first six months of 1942 should be well maintained at present levels.

Question: What is the outlook for living costs?

Answer: Living costs will rise 10% during the first half of 1942 as compared with the same period of this year. Foodstuffs will lead the upward march with clothing in second place.

Question: Will commodity prices push higher?

Answer: Yes, but in an irregular fashion. The odds are heavily against any runaway markets. The Government will step in before anything like that takes place.

Question: Will there be another flurry of wage increases?

Answer: Unlike the last war period, wages are today moving upward faster than living costs. There should be no general sweep of wage rises across the industrial horizon during the first half of 1942 despite the fact that living costs will sharply advance.

OPM Restricts Civilian Use Of Copper; Copper Scrap Ceiling Price Amended By OPA

The Division of Priorities of the Office of Production Management on Oct. 20 issued an order immediately restricting the use of copper in a long list of civilian articles to 60% of the 1940 base period and prohibiting its use in the manufacture of such items after Jan. 1. In explaining its reason for issuing the order, the Priorities Division said that "the supply of copper now is and will be insufficient for defense and essential civilian requirements unless the use of copper in the manufacture of many products where such use is not absolutely necessary for the defense or essential civilian requirements is curtailed or prohibited."

According to Washington advices of Oct. 20 to the New York "Herald Tribune," the new restrictions provide that:

Until Jan. 1, 1942, use of copper for manufacture of seven general categories of civilian goods must be restricted to 60% of the 1940 base period. The seven categories are building supplies and hardware; house furnishings and equipment; dress accessories; jewelry, gifts and novelties; burial equipment; automotive, trailer and tractor equipment, and a long list of miscellaneous goods.

After Jan. 1, 1942, use of copper in manufacturing these classes of products will be prohibited, except for non-decorative plating.

Use of copper in non-defense building construction is prohibited after Nov. 1.

Use of copper in all items not on the prohibited list must be cut to 70% of the 1940 base period.

It is estimated that copper production next year, including that fabricated from ore imports, will be 1,650,000 tons, with primary defense needs taking 1,050,000 tons and essential civilian uses another 250,000 tons. If the restrictions on non-critical civilian uses were not imposed it is said that another 1,100,000 tons would be needed.

The restrictions also apply to copper base alloy, the chief of which is brass.

The Office of Price Administration on Oct. 10 amended the copper scrap schedule, effective Oct. 17, in order to place the ceiling price on a shipping point, instead of a delivered basis; allow quantity differentials to dealers and establish premiums for "briquetting" and other special services. The base prices of the original schedule, issued Aug. 19 (referred to in these columns of Aug. 23, page 1072), were not changed.

Copper scrap is a basic material for the production of electrolytic copper, copper ingot and copper alloy ingot, all of which are important in the manufacture of many defense products. It was placed under full priority control on Sept. 30 by the OPM Priorities Division (see issue of Oct. 16, page 617).

Connery Of Mass. Dies

Representative Lawrence J. Connery, Democrat, of Massachusetts, died of heart disease on Oct. 19 at his home in Arlington, Va. He was 46 years old. Mr. Connery was first elected a member of Congress in 1937 at a special election to fill the unexpired term of his brother, the late William P. Connery, Jr. He was reelected to the 76th and to the present (77th) Congress. After a brief session on Oct. 20, the House adjourned out of respect to the memory of Representative Connery. Brief speeches were made by several colleagues eulogizing Mr. Connery. A House delegation was named by Speaker Rayburn to attend the funeral at Lynn, Mass.

Conference Board Finds Living Costs Up

Living costs in the United States since August, 1939, the month before the outbreak of the war in Europe, have risen 8.1%, according to the Division of Industrial Economics of The Conference Board. The Board states that there was a sharp advance in the cost of living between August and September of 1939, largely because of food hoarding in anticipation of conditions similar to those which prevailed in the World War. It is added that when these conditions failed to materialize living costs moved slightly downward. Since June, 1940, the month in which the defense program in this country was inaugurated, the cost of living has risen 6.2%. The advances were generally small in the last half of 1940, with the result that the major part of the rise, or 5.6%, has occurred since January of this year. In the first five months of this year, The Conference Board's index showed an average monthly increase of 0.3%. From June to September, however, the average monthly rise was 1.0%. The Board's announcement further stated:

The major portion of the advance in living costs has been due to rising retail prices of foods. The other major items in the family budget have begun to participate in the upswing only recently. Between August, 1939, and September, 1941, food prices rose 18.7%. Since June, 1940, the increase has been 13.0%; and since January, 1941, it has been 13.3%. In the first five months of this year food costs have shown an average monthly advance of 1.0%. In contrast, the next four months showed a 2.1% monthly increase.

In other words, living costs showed little tendency to rise so long as the war effort was confined to Europe. When this country began its defense program and the situation was thus brought closer to home, the rise showed a tendency to accelerate. It was not until January of this year, however, that the real advance began to occur. Of the entire increase in the total cost of living between August, 1939, and September, 1941, 69% has occurred in the last eight months. The same comparison for retail food prices shows that 73% of the advance in that index has occurred since January.

Investigate Expenditure

Speaker of the House Rayburn on Oct. 10 appointed six members to the Committee to Investigate Federal Expenditures in accordance with the Revenue Act of 1941. Under this recently-enacted tax legislation a special 14-man committee is to be created to study possible ways of reducing non-defense expenditures. It will consist of the Secretary of the Treasury, the Director of the Budget and 12 members of the Senate and House taxing and appropriations committees. The House members designated by Speaker Rayburn are: Representative Doughton, Democrat, of North Carolina, Chairman of the Ways and Means Committee, and two members of the committee, Representatives Cullen, Democrat, of New York, and Treadway, Republican, of Massachusetts, along with Representative Cannon, Democrat, of Missouri, Chairman of the House Appropriations Committee, and two members of that group, Representatives Woodrum, Democrat, of Virginia, and Tabel, Republican, of New York.

Ass'n Of Life Insurance Presidents To Hold 35th Annual Convention In N. Y., Dec. 11-12

The Association of Life Insurance Presidents announced on Oct. 15 that its 35th annual convention will be held at The Waldorf-Astoria in New York City, on Dec. 11 and 12. The convention will be attended by leading life insurance executives from all sections of the United States and Canada. State and provincial insurance supervisory officials also will be present. Plans are being made for an attendance of more than 500.

O. J. Arnold, President of the Northwestern National Life Insurance Co., Minneapolis, Minn., will be the Chairman of the meeting. In addition to presiding over the sessions of the convention, Mr. Arnold will make the opening address on Dec. 11. His subject will be the central theme of the meeting toward which the discussions during the two days will be directed. The Association expects to announce the theme, together with the range of subjects to be taken up by the other speakers, in the near future. From the announcement of the Association we quote:

> The Association's presiding officer has been the Northwestern National's chief executive since 1925. A veteran of almost 45 years in life insurance, he has come into contact with practically every phase of its operations. A charter member of the American Institute of Actuaries, he served for two terms as President of that organization. One actuarial undertaking in which he had a leading part was the formulation of the Illinois Standard method of reserve valuation.
>
> He is a member of the Board of Directors of the American College of Life Underwriters. He also served as Chairman of the Board of Directors of the Life Insurance Sales Research Bureau and in 1927-28 was President of the American Life Convention. Mr. Arnold also has participated extensively in the work of business and civic organizations. He is a member of the Minneapolis Civic and Commerce Association and Chairman of the Minneapolis Civic Council. He is a former President of the Minneapolis Council of Social Agencies. He has been a member of the Board of Directors of the United States Chamber of Commerce and has served it as Vice-President and as Chairman of its Insurance Committee. He is Chairman of the Minnesota State Committee on Defense Savings.

Ganson Purcell, SEC Commissioner, Cautions Corporations On Refunding Of Bonds

In an address, under the caption of the "Future of the Stock Market from the Standpoint of the Investor," Ganson Purcell, member of the Securities and Exchange Commission stated on Oct. 17 that "it seems almost certain" that this Nation will become the most important source of capital in the world after the clouds of war have been dissipated."

"And this," he said, "is both an opportunity and a responsibility which we must grasp with the greatest of humility. We cannot lick our chops over the prospect of enriching ourselves at the expense of an already prostrate world." Mr. Purcell went on to say:

> We can, it is true, make investments abroad which will bring us a rich yield both financially and politically. But we can do this only if we bear in mind that our job is to recreate for those wartorn nations a healthy economy which will provide a sound basis for trade—which means that our capital must be soundly invested in the future prosperity of those nations.
>
> We must not permit a repetition of the high finance of the twenties, when both the American investor and the foreign borrower were squeezed so badly that in the end only the banker made anything out of the transaction. In the task ahead after the war, there will have to be a close liaison between government and finance to the end that American capital seeking investment abroad shall have at least a fair chance of returning not only a proper yield to the investor but a good customer for the Nation.
>
> In all this one thing stands out—our securities markets must be equipped to do their part in the job, and to do it with sense and sobriety. This constitutes a challenge to those in positions of leadership in our financial institutions today. For those institutions must be built and shaped to keep abreast of rapidly changing world conditions and requirements. Antiquated customs and practices must be abandoned and modernized mechanics substituted. In some portions of the securities markets a good start has been made. It must be continued and extended.
>
> You have asked me to forecast the future of our securities markets. I have consciously shrunk from that task and devoted myself to developing what I consider to be some of the problems that will confront our markets and our economic system in general.

Mr. Purcell's views were presented at the annual National Business Conference at Babson Park, Mass. In his discussion Mr. Purcell pointed out that "in this war, we cannot wait until all actual fighting is ended to take the steps necessary to protect us from the after-effects. We must do everything we can not only now but henceforth as we see the road clear for protective action. Already," he noted, "your government is doing several very important things to counteract the present forces of inflation and to create a decisive cushion against post-war deflation." He observed that "there are other steps we should take right now to build our defenses against a repetition of past errors. We cannot afford," he said, "the risk of leaving any of our economic front undefended from the violent forces of post-war demoralization." In his further remarks he said:

> For example, there is a great deal which can be and should be done right now in the field of corporate finance. In the First World War, the problem of the Nation was the immediate shortage of capital. Steps had to be taken then to meet the relatively simple problem of conserving capital for war purposes. It was necessary to set up informal committees which could say that capital could or could not be used for specific purposes. A corporation desiring to sell securities submitted its plans to the local committee to find out whether or not they would conflict with the capital needs of wartime production.
>
> To these ends, we have the clear duty to see to it now that the financial condition of our American industry is such that it will be able to absorb the post-war shocks resulting from technological change and the job of shifting back to peacetime production of goods. We cannot begin too soon on this vast and complicated undertaking. Each financial transaction of each of our major businesses must be fitted into the program.
>
> Consider, for example, the tremendous wave of refunding of outstanding corporate bond issues which has been in progress for some years. This refunding is stimulated by the current low level of interest rates. Corporations naturally feel the temptation to call in their outstanding issues and put out new issues with more distant maturities at substantial savings in interest.
>
> In many instances this is sound, both from the present and from the long range standpoint. But there are many cases in which a simple refunding operation might not be wise. In our Commission's administration of the provisions of the Public Utility Holding Company Act we have not infrequently found it advisable to propose that, instead of refunding an issue on a long term basis, a company should make plans now to scale down its funded debt.
>
> By doing this now, it will be in a better condition to earn money on its junior securities and more important, it will be better able to withstand the strain of future periods of depressed earnings which may develop. Heavy funded debt means continuing fixed charges. Heavy fixed charges have meant the death of many important corporations and the wiping out of tens of thousands of investors in the depression periods of the past.
>
> We cannot afford to have our corporations go under water after the war is over. A deluge of bankruptcies at a time like that would as seriously endanger our way of life as a major defeat on the battlefield. So, at the present time, refunding programs in general should be carefully and currently scrutinized in the light of the financial condition and prospects of the individual corporation to determine whether a better long-range program may not be developed.
>
> It may be that, in some instances, it would be better for the corporation to replace its present bonds partly with preferred or common stock. Again, there will undoubtedly be instances in which the replacing should be done with short-term serial notes or debentures to be amortized out of current abundant earnings.
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> This plan, where feasible, would have the advantage of providing a systematic program of debt retirement in the period of high earnings, thus giving corporations a greater resiliency with which to adjust themselves to post-war conditions. In some other cases a requirement for substantial sinking fund savings each year may well appear to be the wise move. Such sinking fund reserves might be used to redeem bonds from time to time and it might well be that for the present the proceeds of the redemptions would find their way into the government bond market—or into anti-deflationary spending for needed consumers goods after the war.
>
> Corporations could and should be encouraged to invest in government bonds any sinking funds not yet used for redemption. These are just a few of the aspects of corporate financial activities which ought to be regularly scrutinized during this emergency not only to increase investment in government securities at the present time but to clear up a lot of weak corporate structures the failure of which after the war might seriously aggravate strained economic conditions.
>
> There is little doubt that, after this war, this country is going to be the only half-way healthy producer of goods in the world. Our responsibility will be tremendous but it will not be a responsibility without the prospect of long-range profit if we are in a position to do the job. Hundreds of millions of persons throughout the world will be largely dependent on us for food, clothing, and the multitude of manufactured products which are the necessities of life.
>
> And nations will have to look to us for the capital and capital goods with which to rebuild their own productive machinery. We must be prepared to do a very large part, if the victory is to be worth having.
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> The soundness of our productive machinery will be a very vital factor. Today we find ourselves making every effort to convert a very large part of that machinery to the production of wartime necessities. Tomorrow the job will be just the opposite, but it will be not one with less difficult. The transition will not just happen automatically. There may be great, and often violent, readjustments. Men who have been working at defense production may find themselves out of jobs when war materials are no longer needed on such a huge scale.
>
> The loss of their spending power can throw us into the bottom of a depression very quickly unless we are prepared. One way to cushion the repercussions of these events upon our people and our economy is to do everything in our power to make those men save all they can right now our of their increased defense earnings. This the Treasury is endeavoring to do. But there is the parallel job of making American industry take advantage of its increased defense earnings to strengthen itself against the repercussions of a post-war letdown.
>
> Corporate structures which are streamlined now will be that much better able to make the transition from production for war to peace-time production without having to drop men from their payrolls. Reserves not needed for defense activity must be carefully stored up against the day when they will be needed for this vital post-war purpose. And where those reserves are in excess cash they can, in the meantime, be put to defense work by investment in government work.
>
> This job of preparing for the future while constantly stepping up our defense activities for the present is one which in the field of public and private finance the regular machinery of government is better equipped to handle than ever before in its history.
>
> I do not believe we can delay much longer in attacking this problem of corporate finance in the light of national defense and post-war needs. And I feel certain that upon the success of our efforts may well depend the future of the securities markets. If we are successful in creating sound financial structures and practices, capable of withstanding the shocks of the reconstruction period, there is little doubt in my mind that the securities markets will be able to perform a very important service in post-war finance. There will be a large job for those in the securities business.
>
> In the first place, it will in many instances be found desirable to capitalize those defense plant expansions which can be turned to peace-time purposes. Secondly, technological advancement is always greatly accelerated in periods of war. New products are being discovered which can later be turned to general commercial purposes and financing will be necessary.

Simplifies Registration

Further simplification of registration procedure to eliminate duplications and non-essential requirements was announced by the Securities and Exchange Commission on Oct. 17 with the publication of a new form for registration under the Securities Act of 1933 by commercial and industrial companies. In its announcement the Commission stated:

> The form adopted today, known as Form S-2, is designed primarily for securities of small companies although it may be used by larger companies for registration of equity securities and for limited amounts of funded debt. Like the Form S-3 (mining corporations) recently published by the Commission, Form S-2 is for companies having no active subsidiaries and no record of important successions or insolvency proceedings within the past three years.
>
> The new form extends to additional classes of registrants the privilege of filing the prospectus as the basic part of the registration statement. This procedure is facilitated through the division of the form into two parts, one of which specifies the information which need appear only in the prospectus and the other which calls for information which need not appear in the prospectus.
>
> Use of the new procedure is optional. The form is so prepared that it may be filed in item-and-answer fashion with the prospectus filed as a separate document, which is now the practice.

Under Full Priority

All supplies of sperm oil, both crude and refined, were placed under full priority control by the Priorities Division of the Office of Production Management on Oct. 16.

The main points of the priority order are:

1. Dealers holding more than 100,000 pounds shall set aside 30% of stocks on hand and allocation by the Director of Priorities and shall set aside a similar amount of each shipment received.
2. All defense orders for sperm oil not specifically assigned a higher rating are given a rating of A-10.
3. Dealers are required to deliver sperm oil only upon defense orders, subject to the provisions of priority regulation No. 1.

It is pointed out that sperm oil is vital in defense production, its most important use being as a lubricant for breaking in motors. It also is used as a lubricant in making machine tools, in the rifling of guns, in tanning leather and as a finishing agent in textiles.

Priorities Director Nelson on Oct. 14 placed all stocks of chlorinated solvents under rigid priority control, following a warning from the Agriculture Department that the nation's food supply faces a serious threat as a result of a shortage of chemicals used by farmers and warehouses for fumigation purposes. The action covers carbon tetrachloride, trichlorethylene, perchlorethylene and ethylene dichloride.

Commodity Exchange Postpones Silk Contract Liquidation Pending Litigation Result

At a meeting of the Board of Governors of the Commodity Exchange Inc., New York, held on Oct. 15, a resolution was adopted approving the report of the Special Silk Committee and directing the settlement and liquidation of all outstanding silk contracts as of Oct. 22, 1941, at the closing clearing house prices prevailing on July 25, and further directing the liquidation of certain contracts involving any transferable notices issued and outstanding as of July 25, 1941. In an announcement issued Oct. 22 the Exchange explains its later action as follows:

> On Oct. 20, 1941, an action was commenced in the United States District Court for the Southern District of New York against Commodity Exchange, Inc., and Commodity Exchange Silk Clearing Association, Inc., seeking an injunction against the carrying out and enforcement of the resolution of the Board of Governors on Oct. 15, 1941.
>
> It therefore appears to be in the best interests of the Exchange and its members that the carrying out and enforcement of said resolution of Oct. 15, 1941, be suspended pending the outcome of the legal action begun on Oct. 20, 1941, and until further action by the Board.

The closing clearing house prices as of July 25 ranged between $3.55 and $3.65 a pound. These prices compare with $3.08 a pound for base grade silk set by the Office of Price Administration in its maximum price ceiling of Aug. 2.

With respect to these higher-than-ceiling settlement prices, Federal Price Administrator Leon Henderson announced on Oct. 21 that the OPA will take no position incident to the liquidation of outstanding raw silk futures contracts since it "involves only payments of cash and not transfers of actual raw silk." In a statement, Mr. Henderson also denied reports that his office had agreed informally with Commodity Exchange authorities as to the basis for liquidation. His statement said:

> In the settlement of these contracts only money, not silk, will change hands. That the Commodity Exchange has seen fit to rule that the contracts must be liquidated at prices well above our raw silk ceiling simply means that hedgers against actual raw silk will take a cash loss. OPA will enforce its maximum prices when any sales of actual raw silk are involved, but is not interested in levels at which silk futures contracts are liquidated pursuant to the established machinery of the Exchange.
>
> These levels were determined by the Exchange without any "informal understandings" with my office, rumors to the contrary notwithstanding.

Price Ceiling On Yarns

The Office of Price Administration announced on Oct. 19 a new price schedule placing virtually all major types of carded yarn cotton goods under ceiling prices adjusted automatically to the price of "spot" raw cotton. Price Administrator Henderson said that the schedule, effective Oct. 20, covers 13 leading types of carded yarn cloth and marks extension of price ceilings to approximately two-thirds of all primary cotton textiles. The schedule brings eight new types of carded yarn cloth under ceilings while five classifications have been transferred from the original gray goods schedule. The price schedule divides the carded yarn goods included into four main groups: Print cloth yarn, sheeting yarn, denims, and colored yarn cloths (excepting denims).

M. F. Phelan Dead

Michael F. Phelan, former Representative in Congress and former Chairman of the Massachusetts State Labor Relations Board died on Oct. 12 at his home in Lynn, Mass., at the age of 66. As Chairman of the House Banking and Currency Committee, Mr. Phelan had a part in the framing of the Federal Reserve Act, with Senator Carter Glass, a close friend. He also aided in planning the Federal Farm Loan Act.

The following concerning his career is from the Boston "Herald" of Oct. 13:

> Born in Lynn, he attended Lynn High School and was graduated from Harvard with the class of 1897. He received his LL.B. degree from Harvard Law School in 1900.
>
> After his graduation he practiced law in Lynn and in 1905 he was elected to the Massachusetts House of Representatives. He formed a strong Democratic political machine in the 7th Congressional District, which was for many years Republican, and in 1913 was elected to Congress from that district.
>
> He served from 1915 to 1921 and was a member of the World War Congress, voting affirmatively on the question of whether or not the United States should enter the war. He was defeated for reelection in 1921 by Robert Moloney of Lawrence. . . .In 1937 he was appointed to the Merrimac Valley Sewage Commission by Gov. Charles F. Hurley. He was later named Chairman of the State Labor Relations Board and was a member of the Board at the time of his death.

Dominican Sugar Down

Sugar production in the Dominican Republic during the crop year ended Aug. 31, 1941, dropped to 393,638 long tons, raw sugar, as compared with 447,650 tons in the previous season, a decrease of 54,012 tons, approximately 12.1%, according to advices received by Lamborn and Co., New York. The 1940-41 outturn is the smallest in seven years, or since 1934 when the production was 382,374 tons. The Lamborn firm also said:

> The smaller sugar crop this year was due to the utilization of a substantial quantity of sugarcane for the manufacture of molasses for industrial uses, since it was not expected during early months of the crop season that any worthwhile export demand would develop for sugar.
>
> Exports of sugar during the crop season ended Aug. 31, 1941, amounted to 348.279 long tons, as compared with 387,864 tons in the previous year. The United Kingdom and Canada have been the principal markets for Dominican sugar.

New Minister To Sweden

President Roosevelt sent to the Senate on Oct. 13 the nomination of Herschel V. Johnson of North Carolina, to be United States Minister to Sweden, succeeding Frederick A. Sterling, who has resigned. Mr. Johnson, a career diplomat, is now serving as Minister Counselor at London. He has been Counselor of the American Embassy since 1937 and was given the honorary rank of Minister early this year.

New Quote Plan For Curb

The New York Curb Exchange began experiments on Oct. 21 with a new quotation system designed to effect economy and increase efficiency at the same time. Under the new method, the specialists are being charged with responsibility for reporting changes in quotations in their own stocks. Each change, the Exchange says, is to be noted by the specialist on a slip which will be time-stamped and carried by pneumatic tube to distributing clerks who will send it to be posted in the quotation room. Previously it has been the job of the quote boys on the floor to note changes in quotations and telephone them to the quotation room. The Exchange's announcement adds:

> The use of the tube system is expected to increase accuracy and efficiency since the specialist himself is the first person to know of a change in a quotation and since the use of the slips will permit the accurate recording of time by the time clocks.
>
> It is expected that the new system will also result in material savings to the Exchange.

The system was installed experimentally at five trading posts on Oct. 21 and is to be put into official operation on Nov. 3.

Java Sugar Exports Up

Sugar exports from Java during September were 106.920 short tons, an increase of 34,238 tons, or 47.1% from the same month a year ago, according to reports received by B. W. Dyer and Co., New York, sugar economists and brokers. The increased demand came chiefly from Asiatic consumers in Singapore, Hongkong, China, and Japan. The firm's announcement adds:

> Exports for the first five months of their crop year (running from April, 1941, to March, 1942) were 466,021 short tons, as compared with 474.403 in the same period a year ago. The loss of West of Suez markets was nearly offset by a larger demand from Asiatic markets.
>
> The latest crop estimate is 1,879,965 short tons. This is a slight decline from previous estimates, but is sharply higher than the 1940 production of 1,769,254 tons.
>
> Stocks as of Sept. 1, 1941, are estimated at 1,392.000 tons, an increase of about 31% from the 1940 figure of 1,061,611 tons.

Land Bank Offering

An underwriting group, headed by Lee Higginson Corp., offered on Oct. 24. $1.832,000 farm loan bonds of the Union Joint Stock Land Bank of Detroit. Of the bonds are dated Dec. 1, 1941. Of the total, $332,000 bear interest of 1⅜% and mature June 1. 1944 with optional maturity June 1, 1942; the balance of $1.500.000 bear interest of 1½% and mature Dec. 1, 1945, with optional maturity Dec. 1, 1942. The bonds are being offered at par and accrued interest, subject to the approval of the Farm Credit Administration. Other members of the underwriting group are: Alex. Brown & Sons; Boettcher and Co.; Fletcher Trust Co.; and Miller, Kenower & Co., Inc. It is announced that proceeds from the sale of the bonds, together with cash and a $150,000 bank loan, secured by an equal principal amount of farm-loan bonds of the bank, will be used to retire $1,982,000 principal amount of outstanding 2½% farm loan bonds of the bank on Dec. 1, 1941, and to pay accrued interest thereon to the call date.

H. M. Daugherty Dead

Harry M. Daugherty, political sponsor of President Warren G. Harding and former Attorney General of the United States, died on Oct. 12 at his home in Columbus, Ohio. He was 81 years old. The following concerning his career is from United Press advices:

> He began his career as a small-town lawyer, and was elected to two terms in the Ohio Legislature, serving from 1890 to 1894.
>
> He met Mr. Harding, a Marion, Ohio, editor, in the Legislature. He managed an unsuccessful Gubernatorial campaign for Mr. Harding in 1910 and two years later was instrumental in Harding's election to the United States Senate. . . .
>
> He moved to Columbus, failed in an effort to get elected to the Senate and became a member of the Republican strategy group from which he swung the Republican Presidential nomination to Mr. Harding in 1920.
>
> He managed Mr. Harding's campaign, was named Attorney General and became one of the President's closest confidantes as a member of the "kitchen cabinet."
>
> His turbulent tenure even included an effort to impeach him, but the impeachment bill containing 14 counts was killed by a House Committee.

More Sugar For S. Africa

Sugar consumption in Natal (Union of South Africa) during the 1940-41 season was 330,151 short tons, an increase of 38,118 tons, or 13.05% from the previous year, according to reports received by B. W. Dyer & Co., New York, sugar economists and brokers. This is a new record peak in consumption, which has been expanding rapidly in recent years. In the 1930-31 season consumption was only 185,254 tons. It is also stated:

> Production during the past season was 572,880 tons. Output was not severely reduced by the drought, being very close to the 1939-40 figure of 595,556 tons.
>
> Because of the increased domestic consumption and the smaller crop, exports declined from 308,763 tons in 1939-40 to 234,025 tons in 1940-41.
>
> The final 1941 carryover showed an increase of 4,326 tons to 25,186 tons.

Ready To Arm Ships

Secretary of the Navy Knox said on Oct. 15 that the Navy Department is ready to put guns and gun crews on merchant vessels whenever Congress authorizes such action. The Secretary told his press conference that the arming of ships would be accomplished as soon as the vessels could be brought into port since enough guns could be made available for this purpose. He also asserted that the arming of merchant ships, on the basis of British experience, was a highly effective method of protecting them from submarines and airplanes. The guns, Mr. Knox added, would probably be of the three, four and five-inch types, with some being dual-purpose weapons. They would be manned by Navy crews of 10 to 16 men, he stated.

Durr Named To FCC

Clifford J. Durr of Alabama, was nominated by President Roosevelt on Oct. 13 to be a member of the Federal Communications Commission for a term of seven years from July 1, 1941. Mr. Durr, who is Assistant General Counsel of the Reconstruction Finance Corporation, was named to succeed Frederick I. Thompson, whose term has expired.

Sao Paulo S. F. Purchases

J. Henry Schroder Banking Corp., New York, announces that in accordance with the terms of Decree No. 23829 of Feb. 5, 1934, promulgated by the Federal Government of Brazil, as modified by Decree-Law No. 2085 of March 8, 1940, bonds of the State of San Paulo 7% Coffee Realization Loan of 1930 for $634,000 nominal amount of the U. S. A. Dollar Issue and £193,400—nominal amount of the Sterling Issue have been purchased towards the sinking fund requirements for the third six-months' period ending Sept. 30, 1941, under Decree-Law No. 2085. The bonds have been canceled. It is added that according to advices received from Banco do Commercio e Industria de Sao Paulo, S. A., Sao Paulo, Brazil, there remain pledged for the loan: 1,393,233 bags of Government coffee and 6,269,526 bags of Planters coffee.

Canada Takes Less Sugar

Distribution of sugar for consumption in the Dominion of Canada during the crop year ending Aug. 31, 1941, totaled 538,000 long tons, raw value, as against the all time high record of 566,000 tons in the previous season, a decrease of 28,000 tons, equivalent to 5.2%, according to advices received by Lamborn & Co., New York, sugar brokers. The firm's announcement added:

> Of the 1940-41 consumption 102,000 tons, or 19%, were beet sugars produced in the Dominion, while the remainder were imported cane sugars which came principally from the British West Indies and other British possessions. Of the sugars consumed in 1939-40, home production supplied 80,900 tons, or 14.3%, while the balance came mainly from the same sources as this year.

Sugar Index Advances

The preliminary September distribution of 674,228 tons as reported by the AAA was approximately 106% of a normal September distribution according to the Index of Sugar Distribution (adjusted for seasonal variation and long-term trend) prepared by B. W. Dyer & Co., New York, sugar economists and brokers, who state:

> Their September figure of 106 compares with 124 (revised) in August and 102 in September, 1940.
>
> The Dyer firm states that September distribution was at approximately the same rate as actual consumption, with no significant change in invisibles (consumers inventories). This is one of the few months this year that invisibles have not increased. They estimate that invisibles are now at a level approximately 800,000 tons above the first of the year.

Rep. Geyer Dies

Representative Lee E. Geyer, Democrat, of California, died of bronchial pneumonia on Oct. 11 in Walter Reed Hospital, Washington. He was 53 years old. Serving his second term in Congress, Representative Geyer was best known for his fight against the poll tax. Before going to Congress in 1939, he had been a member of the California Assembly for two years. A native of Wetmore, Kansas, Mr. Geyer taught in various Kansas and California high schools before entering politics. The Senate on Oct. 13 and the House on Oct. 14 adopted resolutions voicing their sorrow, and appointed a committee of two Senators and four Representatives to attend the burial in Wetmore. As a further mark of respect to his memory both branches of Congress adourned after brief sessions.

Text Of New Tax Law

While we have heretofore referred to the recent enactment of the tax bill, on which action was completed by Congress on Sept. 17, and which became a law on Sept. 20, when President Roosevelt affixed his signature to the legislation, we are making room here for the full text of the measure. Enacted under the title of the "Revenue Act of 1941" the new law, it is estimated, will yield $3,553,400,000 in additional revenue to help meet defense costs. Various items regarding the Congressional action on the bill have appeared in these columns from time to time, and in our Oct. 2 issue, page 398 the signing of the bill by the President was noted. As was stated in that issue some provisions of the new tax law became effective at once, while others — including excise taxes — were scheduled to begin Oct. 1. New income levies are payable March 15, 1942 covering the calendar year ending Dec. 31, 1941. As was also indicated in our Oct. 2 item one of the important sections of the new bill is that reducing the present income exemptions from $2,000 to $1,500 for married persons and from $800 to $750 for single persons. It is estimated that this provision will require an additional 4,930,000 persons to file income tax returns, of which number about 2,275,000 will be obliged to pay some amount, estimated in the aggregate at $47,000,000.

The bill continues the normal tax rate of 4% but lowers the level at which surtaxes must be paid to the first dollar of net income; under the old law surtaxes began on net incomes of $4,000. The rate of surtax under the new law is 6% on net incomes up to $2,000, 9% from $2,000 to $4,000 13% from $4,000 to $6,000, and so forth. Under the old law the surtax on net incomes of $4,000 to $6,000 was only 4%.

The legislation likewise increases corporation net income taxes, raises existing "nuisance" taxes and imposes new levies on many articles.

Some of the earlier items bearing on Congressional action on the bill appeared in our issues of Sept. 11, page 113; Aug. 30, page 1208; Aug. 23, page 1070; Aug. 16, page 923; Aug. 9, page 769; Aug. 2, page 629, etc. The following is the text of the measure as placed on the statute books:

[Public Law 250—77th Congress]

[Chapter 412—1st Session]

[H. R. 5417]

AN ACT

To provide revenue, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles and sections according to the following Table of Contents, may be cited as the "Revenue Act of 1941":

TABLE OF CONTENTS

Title I — Individual And Corporation Income Taxes

Sec. 101. Surtax on Individuals.

Section 12 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Rates of Surtax—There shall be levied, collected, and paid for each taxable year upon the surtax net income of every individual the surtax shown in the following table:

"If the surtax net income is:	*The surtax shall be:*
Not over $2,000	6% of the surtax net income.
Over $2,000 but not over $4,000	$120, plus 9% of excess over $2,000.
Over $4,000 but not over $6,000	$300, plus 13% of excess over $4,000.
Over $6,000 but not over $8,000	$560, plus 17% of excess over $6,000.
Over $8,000 but not over $10,000	$900, plus 21% of excess over $8,000.
Over $10,000 but not over $12,000	$1,320, plus 25% of excess over $10,000.
Over $12,000 but not over $14,000	$1,820, plus 29% of excess over $12,000.
Over $14,000 but not over $16,000	$2,400, plus 32% of excess over $14,000.
Over $16,000 but not over $18,000	$3,040, plus 35% of excess over $16,000.
Over $18,000 but not over $20,000	$3,740, plus 38% of excess over $18,000.
Over $20,000 but not over $22,000	$4,500, plus 41% of excess over $20,000.
Over $22,000 but not over $26,000	$5,320, plus 44% of excess over $22,000.
Over $26,000 but not over $32,000	$7,080, plus 47% of excess over $26,000.
Over $32,000 but not over $38,000	$9,900, plus 50% of excess over $32,000.
Over $38,000 but not over $44,000	$12,900, plus 53% of excess over $38,000.
Over $44,000 but not over $50,000	$16,080, plus 55% of excess over $44,000.
Over $50,000 but not over $60,000	$19,380, plus 57% of excess over $50,000.
Over $60,000 but not over $70,000	$25,080, plus 59% of excess over $60,000.
Over $70,000 but not over $80,000	$30,980, plus 61% of excess over $70,000.
Over $80,000 but not over $90,000	$37,080, plus 63% of excess over $80,000.
Over $90,000 but not over $100,000	$43,380, plus 64% of excess over $90,000.
Over $100,000 but not over $150,000	$49,780, plus 65% of excess over $100,000.
Over $150,000 but not over $200,000	$82,280, plus 66% of excess over $150,000.
Over $200,000 but not over $250,000	$115,280, plus 67% of excess over $200,000.
Over $250,000 but not over $300,000	$148,780, plus 69% of excess over $250,000.
Over $300,000 but not over $400,000	$183,280, plus 71% of excess over $300,000.
Over $400,000 but not over $500,000	$254,280, plus 72% of excess over $400,000.
Over $500,000 but not over $750,000	$326,280, plus 73% of excess over $500,000.
Over $750,000 but not over $1,000,000	$508,780, plus 74% of excess over $750,000.
Over $1,000,000 but not over $2,000,000	$693,780, plus 75% of excess over $1,000,000.
Over $2,000,000 but not over $5,000,000	$1,443,780, plus 76% of excess over $2,000,000.
Over $5,000,000	$3,723,780, plus 77% of excess $5,000,000."

Sec. 102. Optional Tax on Individuals with Certain Gross Income of $3,000 or Less.

(a) Optional Tax.—The Internal Revenue Code is amended by inserting after section 396 the following new Supplement

"Supplement T—Individuals With Gross Income From Certain Sources of $3,000 Or Less

"Sec. 400. Imposition of Tax.

"In lieu of the tax imposed under sections 11 and 12, an individual may elect, for each taxable year, to pay the tax shown in the following table if his gross income for such taxable year is $3,000 or less and consists wholly of one or more of the following: Salary, wages, compensation for personal services, dividends, interest, rent, annuities, or royalties:

If the gross income is over	But not over	The tax shall be: Single person (not head of a family)	The tax shall be: Head of family or married person
$1	$750	$0	$0
750	775	1	0
775	800	2	0
800	825	3	0
825	850	5	0
850	875	7	0
875	900	9	0
900	925	11	0
925	950	14	0
950	975	16	0
975	1,000	18	0
1,000	1,025	20	0
1,025	1,050	22	0
1,050	1,075	24	0
1,075	1,100	26	0
1,100	1,125	29	0
1,125	1,150	31	0
1,150	1,175	32	0
1,175	1,200	35	0
1,200	1,225	37	0
1,225	1,250	39	0
1,250	1,275	42	0
1,275	1,300	44	0
1,300	1,325	46	0
1,325	1,350	48	0
1,350	1,375	50	0
1,375	1,400	52	0
1,400	1,425	55	0
1,425	1,450	57	0
1,450	1,475	59	0
1,475	1,500	61	0
1,500	1,525	63	1
1,525	1,550	65	2
1,550	1,575	68	3
1,575	1,600	70	5
1,600	1,625	72	6
1,625	1,650	74	7
1,650	1,675	76	9
1,675	1,700	78	11
1,700	1,725	80	13
1,725	1,750	83	15
1,750	1,775	85	17
1,775	1,800	87	19
1,800	1,825	89	22
1,825	1,850	91	24
1,850	1,875	93	26
1,875	1,900	96	28
1,900	1,925	98	30
1,925	1,950	100	32
1,950	1,975	102	35
1,975	2,000	104	37
2,000	2,025	106	39
2,025	2,050	109	41
2,050	2,075	111	43
2,075	2,100	113	45
2,100	2,125	115	48
2,125	2,150	117	50
2,150	2,175	119	52
2,175	2,200	122	54
2,200	2,225	124	56
2,225	2,250	126	58
2,250	2,275	128	60
2,275	2,300	130	63
2,300	2,325	132	65
2,325	2,350	134	67
2,350	2,375	137	69
2,375	2,400	139	71
2,400	2,425	141	73
2,425	2,450	143	76
2,450	2,475	145	78
2,475	2,500	147	80
2,500	2,525	150	82
2,525	2,550	152	84
2,550	2,575	154	86
2,575	2,600	156	89
2,600	2,625	158	91
2,625	2,650	160	93
2,650	2,675	163	95
2,675	2,700	165	97
2,700	2,725	167	99
2,725	2,750	169	102
2,750	2,775	172	104
2,775	2,800	174	106
2,800	2,825	177	108
2,825	2,850	180	110
2,850	2,875	183	112
2,875	2,900	186	114
2,900	2,925	189	117
2,925	2,950	191	119
2,950	2,975	194	121
2,975	3,000	197	123

In applying the above schedule to determine the tax of a taxpayer with one or more dependents there shall be subtracted from his gross income $400 for each such dependent.

"Sec. 401. Rules for Application of Section 400.

"For the purpose of this Supplement—

"(a) Definitions—

"(1) 'Married person' means a married person living with husband or wife.

"(2) 'Dependent' means a person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under 18 years of age or is incapable of self-support because mentally or physically defective, excluding as a dependent, in the case of a head of a family, one who would be excluded under section 25 (b) (2) (B).

"(b) Determination of Status.—The determination of whether a person is living with husband or wife, is a head of a family, or is a dependent, shall be made as of the last day of the taxpayer's taxable year.

"(c) Separate Return of Husband and Wife.—If a husband and wife living together file separate returns, each shall be treated as a single person.

"(d) Married Persons Not Living With Husband or Wife.—A married person not a head of a family and not living with husband or wife shall be treated as a single person.

"Sec. 402. Manner of Election.

"The election referred to in section 400 shall be considered to have been made if the taxpayer files the return prescribed for this Supplement and such election

shall be irrevocable. If the taxpayer for any taxable year has filed a return computing his tax without regard to this Supplement, he may not thereafter elect for such year to compute his tax under this Supplement.

"Sec. 403. Credits Against Tax Not Allowed.

"Section 31 (relating to foreign tax credit) and section 32 (relating to credit for taxes withheld at source) shall not apply with respect to the tax imposed by this Supplement.

"Sec. 404. Certain Taxpayers Not Eligible.

"This Supplement shall not apply to a nonresident alien individual, or an estate or trust."

(b) Cross-references.—

(1) Section 11 of the Internal Revenue Code is amended by inserting at the end thereof the following: "(For alternative tax if gross income from certain sources is $3,000 or less, see section 400."

(2) Section 12 of the Internal Revenue Code is amended by inserting at the end thereof the following:

"(g) For alternative tax if gross income from certain sources is $3,000 or less, see section 400."

(c) Amendment to Section 4.—Section 4 of the Internal Revenue Code is amended by inserting at the end of thereof the following:

"(k)" Shareholders of Personal Service Corporations, — Supplement S.

"(1) Individuals with gross income from certain sources of $3,000 or less,—Supplement T."

Sec. 103. Corporation Defense Tax Rates Incorporated in Rate Schedules.

(a) Tax on Corporations in General.—Section 13 (b) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"(1) General Rule.—A tax of 24% of the normal-tax net income; or

"(2) Alternative Tax (Corporations with Normal-Tax Net Income Slightly More than $25,000). —A tax of $4,250 plus 37% of the amount of the normal-tax net income in excess of $25,000."

(b) Tax on Special Classes of Corporations.—Section 14 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Corporations with Normal-Tax Net Incomes of Not More than $25,000.—If the normal-tax net income of the corporation is not more than $25,000, and if the corporation does not come within one of the classes specified in subscription (c), (d), or (e) of this section, the tax shall be as follows:

"Upon normal-tax net incomes not in excess of 5,000, 15%.

"$750 upon normal-tax net incomes of $5,000, and upon normal-tax net incomes in excess of $5,000 and not in excess of $20,000, 17% in addition of such excess.

"$3,300 upon normal-tax net incomes of $20,000, and upon normal-tax net incomes in excess of $20,000, 19% in addition of such excess."

(c) Foreign Corporations.—Section 14 (c) of the Internal Revenue Code (relating to tax on resident foreign corporations) is amended by striking out "22 1/10%" and inserting "24%."

(d) Surtax on Corporations Improperly Accumulating Surplus.—The rate schedule of section 102 of the Internal Revenue Code is amended to read as follows:

"27½% of the amount of the undistributed section 102 net income not in excess of $100,000, plus

"38½% of the undistributed section 102 net income in excess of $100,000."

(e) Mutual Investment Companies.—Section 362 (b) of the Internal Revenue Code (relating to tax on mutual investment companies) is amended by striking out "22 1/10%" and inserting "24%."

Sec. 104. Surtax on Corporations and Termination of Defense Tax.

(a) General Rule.—Section 15 of the Internal Revenue Code (relating to defense tax) is amended to read as follows:

"Sec. 15. Surtax on Corporations.

"(a) Corporation Surtax Net Income.—For the purposes of this chapter the term 'corporation surtax net income' means the net income minus the credit for dividends received provided in section 26 (b), computed by limiting such credit to 85% of the net income in lieu of 85% of the adjusted net income.

"(b) Imposition of Tax—There shall be levied, collected, and paid for each taxable year upon the corporation surtax net income of every corporation (except a corporation subject to the tax imposed by section 231 (a) or Supplement Q) a surtax as follows:

"Upon corporation surtax net incomes not in excess of $25,000, 6% of the amount thereof;

"Upon corporation surtax net incomes in excess of $25,000, $1,500, plus 7% of the excess over $25,000."

(b) Surtax on Mutual Investment Companies.—Supplement Q of the Internal Revenue Code (relating to mutual investment companies) is amended by inserting at the end thereof a new section to read as follows:

"Sec. 363. Surtax on Mutual Investment Companies.

"(a) Supplement Q Surtax Net Income.—For the purposes of this chapter the term 'Supplement Q surtax net income' means the net income, computed without the net operating loss deduction provided in section 23 (s), minus the dividends paid during the taxable year increased by the consent dividends credit provided in section 28. For the purposes of this subsection the amount of dividends paid shall be computed in the same manner as provided in subsections (d), (e), (f), (g), (h), and (i) of section 27 for the purpose of the basic surtax credit provided in section 27.

"(b) Imposition of Tax.—There shall be levied, collected, and paid for each taxable year upon the Supplement Q surtax net income of every mutual investment company a surtax as follows:

"Upon Supplement Q surtax net incomes not in excess of $25,000, 6% of the amount thereof;

"Upon Supplement Q surtax net incomes in excess of $25,000, $1,500, plus 7% of the excess over $25,000."

(c) Surtax on Banks.—Section 104 (b) of the Internal Revenue Code (relating to certain banks and trust companies) is amended to read as follows:

"(b) Rate of Tax.—Banks shall be subject to tax under section 13 or section 14 (b), and under section 15."

(d) Surtax on Resident Foreign Corporations.—Section 231 (b) of the Internal Revenue Code (relating to certain foreign corporations) is amended to read as follows:

"(b) Resident Corporations.—A Foreign corporation engaged in trade or business within the United States or having an office or place of business therein shall be taxable as provided in section 14 (c) (1) and section 15."

(e) Surtax on Corporations Entitled to the benefits of Section 251.

—Section 251 (c) (1) of the Internal Revenue Code (relating to the tax on corporations entitled to the benefits of section 251) is amended to read as follows:

"(1) Corporation Tax.—A domestic corporation entitled to the benefits of this section shall be subject to tax under section 13 or section 14 (b), and under sec. 15".

(f) Surtax on China Trade Act Corporations.—

(1) Surtax.—Section 261 (a) of the Internal Revenue Code (relating to the tax on China Trade Act corporations) is amended to read as follows:

"(a) Corporation Tax.—A corporation organized under the China Trade Act, 1922 (42 Stat. 849; U. S. C., 1934 ed., title 15, ch. 4), shall be subject to tax under section 13 or section 14 (b), and under section 15."

(2) Credit of China Trade Act Corporations.—Section 262 (a) of the Internal Revenue Code (relating to credit against net income of China Trade Act corporations) is amended by striking out "sections 13, 14, and 600" and inserting in lieu thereof "sections 13, 14, 15, and 600"; and by striking out "section 13 or 14" wherever occurring therein and inserting in lieu thereof "section 13, 14, or 15."

Sec. 105. Tax on Nonresident Alien Individuals.

(a) Tax in General.—Section 211 (a) (1) (A) of the Internal Revenue Code (relating to tax on nonresident alien individuals not engaged in trade or business within the United States and not having an office or place of business therein) is amended by striking out "15%" and inserting in lieu thereof "27½%."

(b) Aggregate Receipts More Than $23,000.—Section 211 (a) (2) of the Internal Revenue Code is amended to read as follows:

"(2) Aggregate More Than $23,000.—The tax imposed by paragraph (1) shall not apply to any individual if the aggregate amount received during the taxable year from the sources therein specified is more than $23,000."

(c) Tax Where Gross Income of More Than $23,000.—Section 211 (c) of the Internal Revenue Code (relating to tax on certain nonresident alien individuals) is amended by striking out "$24,000"; and by striking out "15%" and inserting in lieu thereof "$23,000"; and by striking out "15%" and inserting in lieu thereof "27½."

Sec. 106. Tax on Foreign Corporations.

Section 231 (a) of the Internal Revenue Code (relating to tax on nonresident foreign corporations) is amended by striking out "15%" and inserting in lieu thereof "27½%."

Sec. 107. Withholding of Tax at Source.

(a) Sections 143 (a) and (b) and 144 of the Internal Revenue Code are amended by striking out "15%" wherever occurring therein and inserting in lieu thereof "27½%."

(b) Section 143 (h) of the Internal Revenue Code is repealed.

(c) Subsections (a) and (b) of this section shall apply only with respect to the period beginning with the tenth day after the date of the enactment of this Act.

Sec. 108. Treaty Obligations.

No amendment made by this title shall apply in any case where its application would be contrary to any treaty obligation of the United States.

Sec. 109. Reduction in Pursuance of Treaties of Rates of Tax and Withholding on Nonresident Alien Individuals Resident in, and Corporations Organized Under Laws of, Western Hemisphere Countries.

(a) Section 143 (a) (1) (relating to withholding of tax on tax-free covenant bonds); section 143 (b) (relating to withholding of tax on dividends, rents, etc.); section 144 (relating to payment of corporation income tax at source); section 211 (a) (1) (relating to tax on nonresident alien individuals); and section 231 (a) (1) relating to tax on nonresident foreign corporations) of the Internal Revenue Code are amended by striking out "a contiguous country" and inserting in lieu thereof "any country in North, Central, or South America, or in the West Indies, or of Newfoundland."

(b) Section 211 (a) (3) of the Internal Revenue Code is amended to read as follows:

"(3) Residents of Certain Countries.—The provision of paragraph (2) shall not apply to a resident of any country in North, Central, or South America, or in the West Indies, or of Newfoundland, so long as there is in effect with such country a treaty which provides otherwise."

(c) Section 211 (c) (4) of the Internal Revenue Code is amended to read as follows:

"(4) This subsection shall not apply to a resident of any country in North, Central, or South America, or in the West Indies, or of Newfoundland, so long as there is in effect with such country a treaty which provides otherwise."

Sec. 110. Defense Tax Rates on Personal Holding Companies and Transfers to Avoid Income Tax Incorporated in Rate Schedules.

(a) Personal Holding Companies.—Section 500 of the Internal Revenue Code (relating to tax on personal holding companies) is amended as follows:

(1) By striking out the heading "(a) General Rule.—";

(b) By amending the rate schedule to read as follows:

"(1) 71½% of the amount thereof not in excess of $2,000; plus

"(2) 82½% of the amount thereof in excess of $2,000."; and

(3) By repealing subsection (b) (relating to defense tax for five years).

(b) Transfers To Avoid Income Tax.—Section 1250 of the Internal Revenue Code (relating to tax on transfers to avoid income tax) is amended as follows:

(1) By striking out the heading "(a) General Rule.—";

(2) By striking out "25%" and inserting "27½%"; and

(3) By repealing subsection (b) (relating to defense tax for five years).

Sec. 111. Personal Exemption.

(a) Section 25 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Personal Exemption. — In the case of a single person or a married person not living with husband or wife, a personal exemption of $750; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of $1,500. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be $1,500. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them, except that if one spouse makes a return under Supplement T, the personal exemption of the other spouse shall be $750."

(b) Section 214 of the Internal Revenue Code (relating to personal exemption of nonresident alien individuals) is amended by striking out "$800" and inserting in lieu thereof "$750".

(c) Section 251 (f) of the Internal Revenue Code (relating to personal exemption of citizens entitled to benefits of section 251) is amended by striking out "$800" and inserting in lieu thereof "$750".

Sec. 112. Returns of Income Tax.

(a) Individual Returns. — Section 51 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Requirement.—The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner with the approval of the Secretary may by regulations prescribe—

"(1) Every individual who is single or who is married but not living with husband or wife, if having a gross income for the taxable year of $750 or over.

"(2) Every individual who is married and living with husband or wife, if no joint return is made under subsection (b) and if—

"(A) Such individual has for the taxable year a gross income of $1,500 or over, and the other spouse has no gross income; or

"(B) Such individual and his spouse each has for the taxable year a gross income and the aggregate gross income is $1,500 or over."

(b) Fiduciary Returns. — Section 142 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Requirement of Return.—Every fiduciary (except a receiver appointed by authority of law in possession of part only of the property of an individual) shall make under oath a return for any of the following indviduals, estates, or trusts for which he acts, stating specifically the items of gross income thereof and the deductions and credits allowed under this chapter and such other information for the purpose of carrying out the provisions of this chapter as the Commissioner with the approval of the Secretary may by regulations prescribe—

"(1) Every individual having a gross income for the taxable year of $750 or over, if single, or if married and not living with husband or wife;

"(2) Every individual having a gross income for the taxable year of $1,500 or over, if married and living with husband or wife;

"(3) Every estate the gross income of which for the taxable year is $750 or over;

"(4) Every trust the net income of which for the taxable year is $100 or over, or the gross income of which for the taxable year is $750 or over, regardless of the amount of the net income; and

"(5) Every estate or trust of which any beneficiary is a nonresident alien."

(c) Information Returns.—Section 147 (a) of the Internal Revenue Code (relating to information at the source) is amended by striking out "$800" wherever occuring therein and inserting in lieu thereof "$750".

Sec. 113. Credit for Dependents.

Section 25 (b) (2) of the Internal Revenue Code (relating to credit for dependents) is amended to read as follows:

"(2) Credit for Dependents.—

"(A) Allowance in General.—$400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under eighteen years of age or is incapable of self-support because mentally or physically defective.

"(B) Exception for Certain Heads of Families.—If the taxpayer would not occupy the status of head of a family except by reason of there being one or more dependents for whom he would be entitled to credit under subparagraph (A), the credit under such subparagraph shall be disallowed with respect to one of such dependents."

Sec. 114. Noninterest-Bearing Obligations Issued at Discount.

Section 42 of the Internal Revenue Code (relating to period in which items of gross income are included) is amended by inserting before the first sentence thereof "(a) General Rule.—", and by inserting at the end of such section a new subsection to read as follows:

"(b) Noninterest-bearing Obligations Issued at Discount. — If, in the case of a taxpayer owning any noninterest-bearing obligation issued at a discount and redeemable for fixed amounts increasing at stated intervals, the increase in the redemption price of such obligation occurring in the taxable year does not (under the method of accounting used in computing his net income) constitute income to him in such year, such taxpayer may, at his election

made in his return for any taxable year beginning after December 31, 1940, treat such increase as income received in such taxable year. If any such election is made with respect to any such obligation, it shall apply also to all such obligations owned by the taxpayer at the beginning of the first taxable year to which it applies and to all such obligations thereafter acquired by him and shall be binding for all subsequent taxable years, unless upon application by the taxpayer the Commissioner permits him, subject to such conditions as the Commissioner deems necessary, to change to a different method. In the case of any such obligations owned by the taxpayer at the beginning of the first taxable year to which his election applies, the increase in the redemption price of such obligations occurring between the date of acquisition and the first day of such taxable year shall in such taxable year."

Sec. 115. Short-Term Obligations Issued on a Discount Basis.

(a) Discount Accrued at Maturity. — Section 42 of the Internal Revenue Code (relating to period in which items of gross income are included) is amended by inserting at the end thereof the following new subsection:

"(c) Short-Term Obligations Issued on Discount Basis. — In the case of any obligation of the United States or any of its possessions or of a State or Territory, or any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding one year from the date of issue, the amount of discount at which such obligation is originally sold shall not be considered to accrue until the date on which such obligation is paid at maturity, sold, or otherwise disposed of."

(b) Capital Gain Rule Not Applicable.—Section 117 (a) (1) of the Internal Revenue Code (relating to definition of capital assets) is amended by striking out the semicolon at the end thereof and inserting in lieu thereof the following: ", or an obligation of the United States or any of its possessions, or of a State or Territory, or any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding one year from the date of issue;".

(c) Effective Date of Amendments.—The amendments made by this section shall be applicable with respect to taxable years ending after February 28, 1941.

Sec. 116. Information Returns with Respect to Federal Obligations.

(a) Section 147 (d) of the Internal Revenue Code (exempting interest on obligations of the United States from information requirement) is repealed.

(b) Section 147 (b) of the Internal Revenue Code is amended by striking out "and (2)" and inserting in lieu thereof "2 in the case of payments of interest upon obligations of the United States or any agency or instrumentality thereof, and (3)".

(c) Subsections (a) and (b) of this section shall take effect upon the day after the date of the enactment of this Act.

Sec. 117. Extension of Time of Orders of Securities and Exchange Commission.

(a) Extension.—Section 373 (a) of the Internal Revenue Code (relating to the definition of orders of the Securities and Exchange Commission with respect to which Supplement R applies) is amended to read as follows:

"(a) The term 'order of the Securities and Exchange Commission' means an order (1) issued after May 28, 1938, and prior to January 1, 1943, by the Securities and Exchange Commission to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 (49 Stat. 820; U. S. C., Supp. V, title 15, section 79k (b), or (2) issued by the Commission subsequent to December 31, 1942, in which it is expressly stated that an order of the character specified in clause (1) is amended or supplemented, and (3) which has become final in accordance with law."

(b) Effective Date of Amendment.—The amendment made by this section shall be applicable only with respect to taxable years beginning after December 31, 1939.

Sec. 118. Taxable Years to Which Amendments Applicable.

The amendments made by this title (except sections 107, 115, 116, and 117) shall be applicable only with respect to taxable years beginning after December 31, 1940.

Title II—Excess Profits Tax

Sec. 201. Excess Profits Tax Rates and Credits.

(a) Rates.—Section 710 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Imposition.—

"(1) General Rule—There shall be levied, collected, and paid, for each taxable year, on the adjusted excess profits net income, as defined in subsection (b), of every corporation (except a corporation exempt under section 727) the tax shown in the following table:

"If the adjusted excess profits net income is:	*The Tax Shall Be:*
Not over $20,000	35% of the adjusted excess profits net income.
Over $20,00, but not over $50,000	$7,000, plus 40% of excess over $20,000.
Over $50,000, but not over $100,000	$19,000, plus 45% of excess over $50,000.
Over $100,000, but not over $250,000	$41,500, plus 50% of excess over $100,000.
Over $250,000, but not over $500,000	$116,500, plus 55% of excess over $250,000.
Over $500,000	$254,000, plus 60% of excess over $500,000.

"(2) Application of Rates in case of certain exchanges.—If the taxpayer's highest bracket amount for the taxable year computed under section 752 (relating to certain exchanges) is less than $500,000, then in the application of the table in paragraph (1) of this subsection to such taxpayer, in lieu of each amount, other than the percentages, specified in such table, there shall be substituted an amount which bears the same ratio to the amount so specified as the highest bracket amount so computed bears to $500,00."

(b) Excess Profits Credit—Based on Invested Capital.—Section 714 of the Internal Revenue Code, as amended, is amended to read as follows:

"Sec. 714. Excess Profits Credit—Based on Invested Capital.

"The excess profits credit, for any taxable year, computed under this section, shall be the amount shown in the following table:

"If the invested capital for the taxable year, determined under section 715, is:	*The credit shall be:*
Not over $5,000,000	8% of the invested capital.
Over $5,000,000	$400,000, plus 7% of the excess over $5,000,000."

Sec. 202. Deduction of Excess-Profits Tax.

(a) Amendment of Section 23 (c).—Section 23 (c) of the Internal Revenue Code (relating to the deduction of taxes in computing net income) is amended to read as follows:

"(c) Taxes Generally.—

"(1) Allowance in General—Taxes paid or accrued within the taxable year, except—

"(A) Federal income taxes;

"(B) war-profits and excess-profits taxes imposed by Title II of the Revenue Act of 1917, Title III of the Revenue Act of 1918, Title III of the Revenue Act of 1921, section 216 of the National Industrial Recovery Act or section 702 of the Revenue Act of 1934, or by any such provisions as amended or supplemented;

"(C) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of section 131 (relating to credit for taxes of foreign countries and possessions of the United States);

"(D) estate, inheritance, legacy, succession, and gift taxes; and

"(E) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges.

"(2) Excess-Profits Tax Under Chapter 2E—Special Rules.—For the purposes of this subsection, in the case of the excess-profits tax imposed by Subchapter E of Chapter 2—

"(A) The deduction shall be limited to the tax imposed for the taxable year, but any portion of such tax paid after the taxable year shall be considered as having been paid within the taxable year;

"(B) No reduction in such tax shall be made by reason of the credit for income, war-profits, or excess-profits taxes paid to any foreign country or possession of the United States;

"(C) Such tax shall be computed without regard to the adjustments provided in section 734; and

"(D) Such tax, in the case of a consolidated return under section 730, shall be allocated to the members of the affiliated group under regulations prescribed by the Commissioner, with the approval of the Secretary."

(b) Amendment of Section 102 (d).—Section 102 (d) (1) (A) of the International Revenue Code (relating to the deduction of taxes in computing section 102 net income) is amended to read as follows:

"(A) Taxes.—Federal income, war-profits, and excess-profits taxes (other than the tax imposed by Subchapter E of Chapter 2 for a taxable year beginning after December 31, 1940) paid or accrued during the taxable year, to the extent not allowed as a deduction by section 23, but not including the tax imposed by this section or a corresponding section of a prior income-tax law."

(c) Computation of Excess-Profits Net Income.—

(1) Taxable Years Beginning after December 31, 1940.—

(A) Section 711 (a) (1) (A) (relating to adjustment for income taxes in computing excess-profits net income under income credit) is amended to read as follows:

"(A) Income Taxes.—In computing such normal-tax net income the deduction for the tax imposed by this subchapter shall not be allowed;".

(B) Section 711 (a) (2) (C) (relating to adjustment for income taxes in computing excess-profits net income under invested capital credit) is amended to read as follows:

"(C) Income Taxes.—In computing such normal-tax net income the deduction for the tax imposed by this subchapter shall not be allowed;".

(2) Taxable Years in the Base Period.—Section 711 (b) (1) (A) (relating to adjustment for income taxes for taxable years in the base period) is repealed.

(d) Computation of Charitable, etc., Deductions.—

(1) Section 711 (a) (1) of the Internal Revenue Code is amended by inserting at the end thereof the following new subparagraph:

"(G) Computation of Charitable, etc., Deductions.—In determining any deduction the amount of which is limited to a percentage of the taxpayers' net income (or net income from the property), such net income (or net income from the property) shall be computed without regard to the deduction on account of the tax imposed by this subchapter."

(2) Section 711 (a) (2) of the Internal Revenue Code is amended by adding at the end thereof the following new subparagraph:

"(I) Computation of Charitable, etc., Deductions.—In determining any deduction the amount of which is limited to a percentage of the taxpayer's net income (or net income from the property), such net income (or net income from the property) shall be computed without regard to the deduction on account of the tax imposed by this subchapter."

(e) Excess-Profits Credit Carry-Over.—Section 710 (c) (1) (defining the unused excess-profits credit) is amended by adding at the end thereof a new sentence to read as follows: "For such purpose the excess-profits credit and the excess-profits net income for any taxable year beginning in 1940 shall be computed under the law applicable to taxable years beginning in 1941.".

(f) Equity Invested Capital.—Section 718 (c) (3) (relating to the computation of earnings and profits for invested capital purposes) is amended by adding after the word "subchapter" the words "or chapter 1".

(g) Adjustment of Abnormal Base Period Net Income.—Section 722 (c) (placing a limit on the amount of relief afforded under section 722, is amended by adding at the end thereof a new sentence to read as follows: "For the purposes of this subsection and subsection (d) the taxpayer's normal-tax net income shall be computed without deduction of the tax imposed by this subchapter.".

(h) Nondeductibility of Excess Profits Tax in Computation of Declared Value Excess Profits Tax.—Section 602 of the Internal Revenue Code is amended by striking out "computed without the deduction of the tax imposed by section 600" and inserting in lieu thereof "computed without the deduction of the tax imposed by section 600 or the tax imposed by Subchapter E of Chapter 2".

(i) Adjusted Declared Value.—(1) Section 1202 (b) (1) (C) of the Internal Revenue Code is amended to read as follows:

"(C) its net income, computed without the deduction of the tax imposed by Subchapter E of Chapter 2,".

(2) Section 1202 (b) (1) (iii) is amended to read as follows:

"(iii) the excess of the deductions allowable for income tax purposes (not including the deduction for the tax imposed by Subchapter E of Chapter 2) over its gross income."

Sec. 203. New Capital.

Section 718 (a) of the Internal Revenue Code is amended by striking out "and" at the end of paragraph (4); by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and the word "and", and by inserting at the end thereof the following:

"(6) New Capital.—An amount equal to 25 per centum of the new capital for such day. The term 'new capital' for any day means so much of the amounts of money or property includible for such day under paragraphs (1) and (2) as was previously paid in during a taxable year beginning after December 31, 1940, and so much of the distributions in stock includible for such day under paragraph (3) as was previously made during a taxable year beginning after December 31, 1940, subject to the following limitations:

"(A) There shall not be included money or property paid in by a corporation in an exchange to which section 112 (b) (3), (4), or (5), or so much of section 112 (c), (d), or (e) as refers to section 112 (b) (3), (4), or (5) is applicable (or would be applicable except for section 371 (g)), or would have been applicable if the term 'control' had been defined in section 112 (h) to mean the ownership of stock possessing more than 50 per centum of the total combined voting power of all classes of stock entitled to vote or more than 50 per centum of the total value of shares of all classes of stock.

"(B) There shall not be included money or property paid in to the taxpayer by a transferor corporation if immediately after such transaction the transferor and the taxpayer are members of the same controlled group. As used in this subparagraph and subparagraph (C), a controlled group means one or more chains of corporations connected through stock ownership with a common parent corporation if (i) more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of shares of all classes of stock, of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations, and (ii) the common parent corporation owns directly more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of shares of all classes of stock, of at least one of the other corporations.

"(C) There shall not be included a distribution in stock described in paragraph (3) made to another corporation, if immediately after the distribution the taxpayer and the distributee are members of the same controlled group.

"(D) Increase in Inadmissible Assets.—The new capital for any day of the taxable year, computed without the application of subparagraph (E), shall be reduced by the excess, if any, of the amount computed under section 720 (b) with respect to inadmissible assets held on such day, over the amount computed under section 720 (b) with respect to inadmissible assets held on the first day of the taxpayer's first taxable year beginning after December 31, 1940. For the purposes of this subparagraph, in determining whether obligations which are described in section 22 (b) (4) any part of the interest from which is excludible from gross income or allowable as a credit against net income are to be treated as admissible or inadmissible assets, such obligations shall be treated in the same manner as they are treated for the taxable year for which tax under this subchapter is being computed.

"(E) Maximum New Capital Allowable.—The new capital for any day of the taxable year shall not be more than the amount, if any, by which—

"(i) the sum of the equity invested capital (computed without regard to this paragraph) and the borrowed capital (as defined in section 719 (a)) of the taxpayer as of such day, reduced by the amount of money or property paid

in which is excluded by reason of the limitation of subparagraph (A) or (B) of this paragraph, exceeds

"(ii) the sum of such equity invested capital and borrowed capital as of the beginning of the first day of such taxpayer's first taxable year beginning after December 31, 1940, reduced by the amount, if any, by which the accumulated earnings and profits as of such first day of such first taxable year exceed the accumulated earnings and profits (computed without regard to distributions made in taxable years beginning after December 31, 1940) as of the beginning of the first day of the taxable year for which the tax under this subchapter is being computed.

"(F) Reduction on Account of Distributions Out of Pre-1941 Accumulated Earnings and profits.—The new capital for any day of the taxable year, computed without the application of subparagraph (E), shall be reduced by the amount which, after the begining of the first taxable year which begins after December 31 1940, has been distributed out of earnings and profits accumulated prior to the beginning of such first taxable year."

Sec. 204. Corporations Engaged in Mining Strategic Metals.

Section 731 of the Internal Revenue Code (exempting from excess-profits tax income derived from mining certain metals) shall not apply with respect to any taxable year beginning after December 31, 1940.

Sec. 205. Taxable Years to Which Amendments Applicable.

The amendments made by this title shall be applicable only with respect to taxable years beginning after December 31, 1940.

Title III—Capital Stock Tax And Declared Value Excess-Profits Tax

Sec. 301. Capital Stock Tax.

(a) Increase in Rate of Tax.—Section 1200 (a) and (b) of the Internal Revenue Code (relating to rate of capital stock tax) is amended by striking out "$1" and inserting in lieu thereof "$1.25".

(b) Defense Tax Rate—Section 1200 (c) of the Internal Revenue Code is repealed.

(c) Returns for 1941.—Section 1203 (b) (2) of the Internal Revenue Code (relating to extensions of time for filing capital-stock tax returns) is amended by inserting at the end thereof the following: "With respect to the year ending June 30, 1941, the extension may be for not more than ninety days.".

(d) Effective Date.—This section shall be effective only with respect to the year ending June 30, 1941, and succeeding years.

Sec. 302. Declared Value Excess Profits Tax—Defense Tax Rates Incorporated in Rate Schedule.

(a) Rates.—Section 600 of the Internal Revenue Code (relating to rate of declared value excess profits tax) is amended as follows:

(1) By striking out the heading "(a) General Rule.—";

(2) By amending the rate schedule to read as follows:

"6 6/10% of such portion of its net income for such income-tax taxable year as is in excess of 10% and not in excess of 15% of the adjusted declared value;

"13 2/10% of such portion of its net income for such income-tax taxable year as is in excess of 15% of the adjusted declared value."; and

(3) By repealing subsection (b) (relating to defense tax for five years).

(b) Effective Date.—This section shall be effective only with respect to income-tax taxable years ending after June 30, 1941.

Title IV—Estate And Gift Taxes

Sec. 401. Estate Tax Rates.

(a) Rates.—Section 935 (b) of the Internal Revenue Code is amended to read as follows:

"(b) The tentative tax referred to in subsection (a) (1) of this section to read as follows:

"(b) The tentative tax referred to in subsection (a) (1) of this section shall be the tentative tax shown in the following table:

"If the net estate is:	*The tentative tax shall be:*
Not over $5,000	3% of the net estate.
Over $5,000 but not over $10,000	$150, plus 7% of excess over $5,000.
Over $10,000 but not over $20,000	$500, plus 11% of excess over $10,000.
Over $20,000 but not over $30,000	$1,600, plus 14% of excess over $20,000.
Over $30,000 but not over $40,000	$3,000, plus 18% of excess over $30,000.
Over $40,000 but not over $50,000	$4,800, plus 22% of excess over $40,000.
Over $50,000 but not over $60,000	$7,000, plus 25% of excess over $50,000.
Over $60,000 but not over $100,000	$9,500, plus 28% of excess over $60,000.
Over $100,000 but not over $250,000	$20,700, plus 30% of excess over $100,000.
Over $250,000 but not over $500,000	$65,700, plus 32% of excess over $250,000.
Over $500,000 but not over $750,000	$145,700, plus 35% of excess over $500,000.
Over $750,000 but not over $1,000,000	$233,200, plus 37% of excess over $750,000.
Over $1,000,000 but not over $1,250,000	$325,700, plus 39% of excess over $1,000,000.
Over $1,250,000 but not over $1,500,000	$423,200 plus 42% of excess over $1,250,000.
Over $1,500,000 but not over $2,000,000	$528,200, plus 45% of excess over $1,500,000.
Over $2,000,000 but not over $2,500,000	$753,200, plus 49% of excess over $2,000,000.
Over $2,500,000 but not over $3,000,000	$998,200, plus 53% of excess over $2,500,000.
Over $3,000,000 but not over $3,500,000	$1,263,200, plus 56% of excess over $3,000,000.
Over $3,500,000 but not over $4,000,000	$1,543,200. plus 59% of excess over $3,500,000.
Over $4,000000 but not over $5,000,000	$1,838,200, plus 63% of excess over $4,000,000.

"If the net estate is:	*The tentative tax shall be:*
Over $5,000,000 but not over $6,000,000.	$2,468,20, plus 67% of excess over $5,000,000.
Over $6,000,000 but not over $7,000,000.	$3,138,200, plus 70% of excess over $6,000,000.
Over $7,000,000 but not over $8,000,000.	$3,838,200, plus 73% of excess over $7,000,000.
Over $8,000,000 but not over $10,000,000.	$4,568,200, plus 76% of excess over $8,000,000.
Over $10,000,000	$6,088,200, plus 77% of excess over $10,000,000."

(b) Defense Tax Repealed. — Subchapter C of Chapter 3 of the Internal Revenue Code is repealed.

(c) Effective Date.—Subsections (a) and (b) shall be effective only with respect to estate of decedents dying after the date of the enactment of this Act.

Sec. 402. Gift Tax Rates.

(a) Rates.—The Rate Schedule of section 1001 of the Internal Revenue Code is amended to read as follows:

"If the net gifts are:	*The tax shall be:*
Not over $5,000	2¼% of the net gifts.
Over $5,000 but not over $10,000	$112.50, plus 5¼% of excess over $5,000.
Over $10,000 but not over $20,000	$375, plus 8¼% of excess over $10,000.
Over $20,000 but not over $30,000	$1,200, plus 10½% of excess over $20,000.
Over $30,000 but not over $40,000	$2,250, plus 13½% of excess over $30,000.
Over $40,000 but not over $50,000	$3,600, plus 16½% of excess over $40,000.
Over $50,000 but not over $60,000	$5,250, plus 18¾% of excess over $50,000.
Over $60,000 but not over $100,000	$7,125, plus 21% of excess over $60,000.
Over $100,000 but not over $250,000.	$15,525, plus 22½% of excess over $100,000.
Over $250,000 but not over $500,000.	$49,275, plus 24% of excess over $250,00.
Over $500,000 but not over $750,000.	$109,275, plus 26¼% of excess over $500,000.
Over $750,000 but not over $1,000,000.	$174,900, plus 27¾% of excess over $750,000.
Over $1,000,000 but not over $1,250,000.	$244,275, plus 29¼% of excess over $1,000,000.
Over $1,250,000 but not over $1,500,000.	$317,400, plus 31½% of excess over $1,250,000.
Over $1,500,000 but not over $2,000,000.	$396,150, plus 33¾% of excess over $1,500,000.
Over $2,000,000 but not over $2,500,000.	$564,900, plus 36¾% of excess over $2,000,000.
Over $2,500,000 but not over $3,000,000.	$748,650, plus 39¾% of excess over $2,500,000.
Over $3,000,000 but not over $3,500,000.	$947,400, plus 42% of excess over $3,000,000.
Over $3,500,000 but not over $4,000,000.	$1,157,400, plus 44¼% of excess over $3,500,000.
Over $4,000,000 but not over $5,000,000.	$1,378,650, plus 47¼% of excess over $4,000,000.
Over $5,000,000 but not over $6,000,000.	$1,851,150, plus 50¼% of excess over $5,000,000.
Over $6,000,000 but not over $7,000,000.	$2,353,650, plus 52½% of excess over $6,000,000.
Over $7,000,000 but not over $8,000,000.	$2,878,650, plus 54¾% of excess over $7,000,000.
Over $8,000,000 but not over $10,000,000.	$3,426,150, plus 57% of excess over $8,000,000.
Over $10,000,000	$4,566,150, plus 57¾% of excess over $10,000,000."

(b) Years to Which Amendments Applicable. — The amendments made by this section shall be applied in computing the tax for the calendar year 1942 and each calendar year thereafter (but not the tax for the calendar year 1941 or a previous calendar year), and such amendments shall be applied in all computations in respect of the calendar year 1941 and previous calendar years for the purpose of computing the tax for the calendar year 1942 and any calendar year thereafter.

(c) Defense Tax Repealed. — Section 1001 (d) of the Internal Revenue Code (relating to defense tax for five years on gifts) is repealed.

Title V—Excise Taxes

Part I—1932 Excise Taxes Made Permanent

Sec. 501. 1932 Excise Taxes Made Permanent.

Section 3452 of the Internal Revenue Code (relating to expiration of 1932 excise taxes) is repealed.

Sec. 502. Pipe Line Tax.

Section 3460 (a) of the Internal Revenue Code (relating to termination of tax on transportation by pipe line) is amended by striking out "originating before July 1, 1945".

Sec. 503. Technical Amendment.

The heading of Subtitle C of the Internal Revenue Code is amended to read as follows:

"Subtitle C—Manufacturers' Excise And Import Taxes And Temporary Taxes"

Sec. 504. Bond Tax.

Section 3481 (b) of the Internal Revenue Code (relating to expiration of tax on transfer of bonds) is repealed.

Sec. 505. Conveyance Tax.

Section 3482 of the Internal Revenue Code (relating to tax on conveyances) is amended by striking out "delivered before July 1, 1945".

Part II—Defense Tax Rates Made Permanent (No Increase in Tax and No Change in Basis of Tax)

"Sec. 521. Defense Excise Tax Made Permanent Which Are Not Increased by This Act.

(a) The following sections of the Internal Revenue Code are amended as follows:

(1) Box Seats.—Section 1700 (b) (1) is amended by striking out "10 per centum" and inserting in lieu thereof "11 per centum".

(2) Sales Outside Box Office.—Section 1700 (c) (1) is amended by striking out "10 per centum" and inserting in lieu thereof "11 per centum".

(3) Corporate Securities.—Section 1801 is amended by striking out "10 cents until July 1, 1945, and 5 cents thereafter" and inserting in lieu thereof "11 cents".

(4) Capital Stock Issues.—Section 1802 (a) is amended by striking out "10 cents until July 1, 1945, and 5 cents thereafter" and the comma wherever following such expression and inserting in lieu thereof "11 cents"; and by striking out "2 cents until July 1, 1945, and 1 cent thereafter," and inserting in lieu thereof "3 cents".

(5) Capital Stock Transfers.—Section 1802 (b) is amended by striking out "4 cents until July 1, 1945, and 2 cents thereafter," and inserting in lieu thereof "5 cents"; and by striking out "5 cents instead of 4 cents until July 1, 1945" and inserting in lieu thereof "6 cents".

(6) Insurance Policies.—Section 1804 is amended by striking out "3 cents" and inserting in lieu thereof "4 cents".

(7) Passage Tickets.—Section 1806 is amended by striking out "$1" and inserting in lieu thereof "$1.10"; by striking out "$3" and inserting in lieu thereof "$3.30"; and by striking out "$5" and inserting in lieu thereof "$5.50".

(8) Cigarettes.—Section 2000 (c) (2) is amended by striking out "$3" and inserting in lieu thereof "$3.25" and by striking out "$7.20" and inserting in lieu thereof "$7.80".

(9) Pistols and Revolvers.—Section 2700 (a) is amended by striking out "10 per centum" and inserting in lieu thereof "11 per centum".

(10) Fermented Malt Liquors.—Section 3150 (a) is amended by striking out "$5" and inserting in lieu thereof "$6".

(11) Wholesalers of Liquor.—Section 3250 (a) (1) is amended by striking out "$100" and inserting in lieu thereof "$110".

(12) Retailers of Liquor.—Section 3250 (b) is amended by striking out "$25" and inserting in lieu thereof "$27.50".

(13) Brewers.—Section 3250 (c) is amended by striking out "$100" and inserting in lieu thereof "$110" and by striking out "$50" and inserting in lieu thereof "$55".

(14) Wholesalers of Malt Liquors.—Section 3250 (d) is amended by striking out "$50" and inserting in lieu thereof "$55".

(15) Retailers of Malt Liquors.—Section 3250 (e) (1) is amended by striking out "$20" and inserting in lieu thereof "$22", and section 3250 (e) (3) is amended by striking out "$2" and inserting in lieu thereof "$2.20".

(16) Rectifiers.—Section 3250 (f) (1) is amended by striking out "$200" and inserting in lieu thereof "$220"; and by striking out "$100" and inserting in lieu thereof "$110".

(17) Stills.—Section 3250 (j) is amended by striking out "$50" and inserting in lieu thereof "$55"; and by striking out "$20" and inserting in lieu thereof "$22".

(18) Firearms, etc.—Section 3407 is amended by striking out "10 per centum" and inserting in lieu thereof "11 per centum".

(19) Electrical Energy.—Section 3411 is amended by striking out "3 per centum" and inserting in lieu thereof "3⅓ per centum".

(20) Gasoline.—Section 3412 (a) is amended by striking out "1 cent" and inserting in lieu thereof "1½ cents".

(21) Lubricating Oils.—Section 3413 is amended by striking out "4 cents" and inserting in lieu thereof "4½ cents".

(22) Transportation of Oil by Pipe Line.—Section 3460 (a) is amended by striking out "4 per centum" and inserting in lieu thereof "4½ per centum".

(23) Transfer of Bonds.—Section 3481 (a) is amended by striking out "4 cents" and inserting in lieu thereof "5 cents".

(24) Conveyances. — Section 3482 is amended by striking out "50 cents" and inserting in lieu thereof "55 cents".

(b) The rates specified in subsection (a) shall be applicable only with respect to the period after the date of the enactment of this Act, and the rates specified in section 1650 (a), section 2004, and section 3190 of the Internal Revenue Code shall not apply with respect to such period.

Part III—Increases in Rates Of Existing Excise Taxes

Sec. 531. Playing Cards.

Section 1807 (a) of the Internal Revenue Code is amended by striking out "10 cents" and inserting in lieu thereof "13 cents".

Sec. 532. Safe Deposit Boxes.

Section 1850 (a) of the Internal Revenue Code is amended by striking out "10 per centum" and inserting in lieu thereof "20 per centum".

Sec. 533. Distilled Spirits.

(a) Rate on Distilled Spirits.—Section 2800 (a) (1) of the Internal Revenue Code is amended by striking out "at the rate of $2.25 (and on brandy at the rate of $2)" and by inserting in lieu thereof "at the rate of $4", and by striking out "(except brandy)".

(b) Rate on Imported Perfumes Containing Alcohol.—Section 2800 (a) (3) of the Internal Revenue Code is amended by striking out "$2.25" and inserting in lieu thereof "$4".

(c) Drawback on Distilled Spirits.—The third paragraph of section 2887 of the Internal Revenue Code is amended by striking out "but shall not exceed a rate of $3 (or, in the case of brandy, $2.75)" and inserting in lieu thereof "but shall not exceed a rate of $4".

(d) Floor Stocks Tax.—Section 2800 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

"(i) Floor Stocks Tax. —

"(1) Upon all distilled spirits upon which the internal-revenue tax imposed by law has been paid, and which on Oct. 1, 1941, are held and intended for sale or for use in the manufacture or production of any article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax of $1 (except that in the case of brandy, the rate shall be $1.25) on each proof-gallon, and a proportionate tax at a like rate on all fractional parts of such proof-gallon.

"(2) Every person required by this subsection to pay any floor stocks tax shall, on or before Jan. 1, 1942, under such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, make a return and pay such tax. Payment of the tax shown to be due may be extended to a date not later than Aug. 1, 1942, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

"(3) All provisions of law, including penalties, applicable in respect of internal-revenue taxes on distilled spirits shall, insofar as applicable and not inconsistent with this subsection, be applicable in respect of the floor stocks tax imposed hereunder. For the purposes of this subsection the term 'distilled spirits' shall include products produced in such manner that the person producing them is a rectifier within the meaning of section 3254 (g)."

Sec. 534. Wines.

(a) Rate on Still Wines.—Section 3030 (a) (1) (A) of the Internal Revenue Code is amended by striking out "5 cents" and inserting in lieu thereof "8 cents"; by striking out "15 cents" and inserting in lieu thereof "30 cents"; and by striking out "25 cents" and inserting in lieu thereof "65 cents."

(b) Rate on Sparkling Wines, Liqueurs, Cordials, etc.—Section 3030 (a) (2) of the Internal Revenue Code is amended by striking out "2½ cents" and inserting in lieu thereof "7 cents"; and by striking out "1¼ cents" and inserting in lieu thereof "3½ cents."

(c) Subchapter F of Chapter 26 of the Internal Revenue Code is amended by inserting at the end thereof the following new section:

"Sec. 3192. Floor Stocks Tax on Wines.

"(a) Floor Stocks Tax.—Upon all wines upon which the internal-revenue tax imposed by law has been paid, and which on Oct. 1, 1941, are held and intended for sale or for use in the manufacture or production of an article intended for sale, there shall be levied, assessed, collected, and paid a floor stocks tax at rates equal to the increases in rates of tax (over the defense tax rates) made applicable to such articles by section 534 of the Revenue Act of 1941.

"(b) Returns.—Every person required by subsection (a) to pay any floor stocks tax shall, on or before Jan. 1, 1942, under such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, make a return and pay such tax. Payment of the tax shown to be due may be extended to a date not later than Aug. 1, 1942, upon the filing of a bond for payment thereof in such form and amount and with such surety or sureties as the Commissioner, with the approval of the Secretary, may prescribe.

"(c) Laws Applicable. — All provisions of law, including penalties, applicable in respect of the taxes imposed by section 3030 (a) shall, insofar as applicable and not inconsistent with this subsection, be applicable with respect to the floor tax imposed by subsection (a)."

Sec. 535. Tires and Tubes.

(a) Rate on Tires.—Section 3400 (1) of the Internal Revenue Code is amended by striking out "2¼ cents" and inserting in lieu thereof "5 cents".

(b) Rate on Tubes.—Section 3400 (2) of the Internal Revenue Code is amended by striking out "4 cents" and inserting in lieu thereof "9 cents".

(c) Floor Stocks Tax on Tires and Inner Tubes.—Section 3400 of the Internal Revenue Code is amended by inserting "(a) Tax.—" before the beginning thereof and by inserting at the end thereof the following:

"(b) Floor Stocks Tax.—Upon tires and inner tubes subject to tax under subsection (a) of the type used on vehicles subject to tax under section 3403 (a) or (b) which on Oct. 1, 1941, are held for sale by any person there shall be levied, assessed, collected, and paid a floor stocks tax at the rate of 2½ cents per pound in the case of tires and 4½ cents per pound in the case of inner tubes. The tax shall apply to tires and inner tubes held for sale on, or in connection with, or held for use in the manufacture or production of, articles the sale of which will be subject to tax under section 3403 (a) or (b). The tax shall not apply to tires and inner tubes held for sale by the manufacturer, producer, or importer thereof, and to tires and inner tubes the sale of which will be subject under the provisions of sections 3444 (a) (2) and 3445 to the manufacturers' tax on tires and inner tubes."

Sec. 536. Effective Date of Part III.

The amendments made by this Part shall be applicable only with respect to the period beginning Oct. 1, 1941, and the rates specified in section 1650 (a), section 1807 (b), section 2004, section 2800 (g), and section 3190 of the Internal Revenue Code shall not apply with respect to such period This Part shall take effect on October 1, 1941.

Part IV—Changes in Basis Of Computing Tax (Rates Increased in Certain Cases)

Sec. 541. Admissions Tax.

(a) Reduction of Exemption.—Section 1700 (a) (1) of the Internal Revenue Code is amended to read as follows:

"(1) Rate.—A tax of 1 cent for each 10 cents or fraction thereof of the amount paid for admission to any place, including admission by season ticket or subscription. In the case of persons (except bona fide employees, municipal officers on official business, children under 12 years of age, members of the military or naval forces of the United States when in uniform, and members of the Civilian Conservation Corp when in uniform) admitted free or at reduced rates to any place at any time when and under circumstances under which an admission charge is made to other persons, an equivalent tax shall be collected based on the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted. No tax shall be imposed on the amount paid for the admission of a child under 12 years of age if the amount paid is less than 10 cents."

(b) Termination of Exemptions.—Section 1701 of the Internal Revenue Code (relating to exemptions from admission tax) shall not apply with respect to amounts paid, on or after the effective date of this Part, for admission.

(c) Exemption of National Park, Etc., Admissions Terminated.—The Interior Department Appropriation Act, 1942, is amended by striking out that part thereof under the heading "National Park Service" which reads as follows:

"Hereafter fees incident to admission to the national parks and monuments and other areas in the national park system, charged and collected with the approval of the Secretary of the Interior, shall be exempt from all Federal tax on admissions."

The Act entitled "An Act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes", approved May 9, 1935, is amended by striking out that part thereof under the heading "national park service" which reads as follows: "; Provided, That any admission fee charged for entrance to Carlsbad Caverns and any fee charged for guide service therein, shall be exempt from all taxes on admissions".

Sec. 542. Cabaret, Roof Garden, etc., Tax.

(a) Imposition. — Section 1700 (e) of the Internal Revenue Code is amended to read as follows:

"(e) Tax on Cabarets, Roof Gardens, Etc.—

"(1) Rate.—A tax equivalent to 5 per centum of all amounts paid for admission, refreshment, service, and merchandise, at any roof garden, carbaret, or other similar place furnishing a public performance for profit, if any payment, or part thereof, for admission, refreshment, service, or merchandise, entitles the patron to be present during any portion of such performance. No tax shall be applicable under subsection (a) (1) on account of an amount paid with respect to which tax is imposed under this subsection.

"(2) By whom paid.—The tax imposed under paragraph (1) shall be returned and paid by the person receiving such payments."

(b) Place of Payment.—Section 1715 (b) of the Internal Revenue Code is amended to read as follows:

"(b) Place of Payment. — The taxes collected under subsection (a), and the taxes required to be paid under section 1700 (c), (d), or (e), shall be paid to the collector of the district in which the principal office or place of business is located."

(c) Returns.—Section 1716 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Requirement.—Every person required under section (a) of section 1715 to collect the taxes, or required under section 1700 (c), (d), or (e) to pay the taxes, imposed by this chapter shall make returns under oath, in duplicate, in such manner and containing such information as the Commissioner, with the approval of the Secretary, may, by regulation, prescribe."

(d) Section 1700 (c) (3) and section 1700 (d) (3) of the Internal Revenue Code are repealed as of the effective date of this Part.

Sec. 543. Club Dues.

(a) Reduction of Exemption and Defense Tax Rate Made Permanent.—Section 1710 (a) (1) and (2) of the Internal Revenue Code are amended to read as follows:

"(1) Dues or membership fees. A tax equivalent to 11 per centum of any amount paid as dues or membership fees to any social, athletic, or sporting club or organization, if the dues or fees of an active resident annual member are in excess of $10 per year.

"(2) Initiation fees. — A tax equivalent to 11 per centum of any amount paid as initiation fees to such a club or organization, if such fees amount to more than $10, or if the dues or membership fees, not including initiation fees, of an active resident annual member are in excess of $10 per year."

(b) Definition of Dues.—Section 1712 (a) of the Internal Revenue Code is amended to read as follows:

"(a) Dues.—The term 'dues' includes any assessment, irrespective of the purpose for which made, and any charges for social privileges or facilities, or for golf, tennis, polo, swimming, or other athletic or sporting privileges or facilities, for any period of more than six days; and".

Sec. 544. Automobile, Truck, Bus, and Parts Tax.

(a) Increase of Rate and Classification of Busses.—Section 3403 (a) and (b) of the Internal Revenue Code are amended to read as follows:

"(a) Automobile truck chassis, automobile truck bodies, automobile bus chassis, automobile bus bodies, truck and bus trailer and semitrailer chassis truck and bus trailer and semitrailer bodies, tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer (including in each of the above cases parts or accessories therefor sold on or in connection therewith or with the sale thereof), 5 per centum. A sale of an automobile truck, bus, or truck or bus trailer or semitrailer, shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

"(b) Other automobile chassis and bodies, chassis and bodies for trailers or semitrailers suitable for use in connection with passenger automobiles, and motorcycles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), except tractors, 7 per centum. A sale of an automobile, trailer, or semitrailer shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body."

(b) Increase in Rate on Parts and Exclusion of Radios from Automobile Tax.—The first sentence of section 3403 (c) of the Internal Revenue Code is amended to read as follows: "Parts or accessories (other than tires and inner tubes and other than radios) for any of the articles enumerated in subsection (a) of (b), 5 per centum."

(c) Credits on Account of Tire and Tube Tax.—Section 3403 (e) of the Internal Revenue Code is amended to read as follows:

"(e) If tires or inner tubes on which tax has been imposed under this chapter are sold on or in connection with, or with the sale of, a chassis, body, or motorcycle, there shall (under regulations prescribed by the Commissioner, with the approval of the Secretary) be credited against the tax under this section an amount equal to, in the case of an article taxable under subsection (a) 5 per centum, and in the case of an article taxable under subsection (b), 7 per centum—

"(1) of the purchase price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) if such tires or inner tubes were taxable under section 3400 (relating to tax on tires and inner tubes); or

"(2) if such tires or inner tubes were taxable under section 3444 (relating to use by manufacturer, or importer) then of the price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) at which such or similar tires or inner tubes are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the Commissioner. In lieu of the rates of credit of 5 per centum and 7 percentum above provided, the rates, respectively, for the following periods, shall be as follows:

"(A) With respect to the period after June 30, 1940, and before the effective date of the increase in tax on automobiles made by the Revenue Act of 1941, 2½ per centum and 3½ per centum; and

"(B) With respect to the period before July 1, 1940, 2 per centum and 3 per centum."

(d) Credits on Termination of Tax.—Section 3403 (f) of the Internal Revenue Code (relating to credits and refunds on termination of automobile tax) is repealed.

Sec. 545. Radios, Phonographs, Records, and Musical Instruments.

Section 3404 of the Internal Revenue Code is amended to read as follows:

"Sec. 3404. Tax on Radio Receiving Sets, Phonographs, Phonograph Records, and Musical Instruments.

"There shall be imposed upon the following articles (including in each case, except in the case of musical instruments, parts or accessories therefor sold on or in connection with the sale thereof) sold by the manufacturer, producer, or importer a tax equivalent to 10 per centum of the price for which sold:

"(a) Radio receiving sets, automobile radio receiving sets, combination radio and phonograph sets, and phonographs.

"(b) Chassis, cabinets, tubes, reproducing units, power packs, antennae of the 'built-in' type, and phonograph mechanisms, which are suitable for use on or in connection with, or as component parts of, any of the articles enumerated in subsection (a), whether or not primarily adapted for such use.

"(c) Phonograph records."

"(d) Musical instruments."

Sec. 546. Mechanical Refrigerators.

Section 3405 of the Internal Revenue Code is amended to read as follows:

"Sec. 3405. Tax on Refrigerators, Refrigerating Apparatus, and Air-Conditioners.

"There shall be imposed on the following articles (including in each case parts or accessories therefor sold on or in connection with the sale thereof) sold by the manufacturer, producer, or importer a tax equivalent to 10 per centum of the price for which so sold:

"(a) Refrigerators, Etc. — Refrigerators, beverage coolers, ice cream cabinets, water coolers, food and beverage display cases, food and beverage storage cabinets, ice making machines, and milk cooler cabinets, each such article having, or being primarily designed for use as part of, or with, a refrigerating unit operated by electricity, gas, kerosene, or gasoline.

"(b) Refrigerating Apparatus.—Compressors, condensers, evapora-

tors, expansion units, absorbers, and controls, for, or suitable for use as part of, or with, a refrigerating plant, refrigerating system, refrigerating equipment or unit, or any of the articles enumerated in subsection (a).

"(c) Air-Conditioners. — Self-contained air-conditioning units.

"(d) Components. — Cabinets, compressors, condensers, fans, blowers, heating coils, cooling coils, filters, humidifiers, and controls, for, or suitable for use as part of, or with, any of the articles enumerated in subsection (c)."

Sec. 547. Matches.

Section 3409 of the Internal Revenue Code is amended to read as follows:

"Sec. 3409. Tax on Matches.

"(a) Manufacturers' Tax.—There shall be imposed upon matches sold by the manufacturer, producer, or importer, a tax of 2 cents per 1,000 matches, except that in the case of fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem, packed in boxes or in bulk, the tax shall be 5½ cents per 1,000 matches.

"(b) Floor Stocks Tax. — On matches subject to tax under subsection (a) which, on October 1, 1941, are held and intended for sale, or for disposition in connection with the sale of other articles, there shall be levied, assessed, collected, and paid a floor stocks tax at the rate of 2 cents per thousand matches. The tax shall not apply to matches in retail stocks held at the place where intended to be sold or disposed of. The tax shall not apply to matches held for sale by the manufacturer, producer, or importer thereof, nor to fancy wooden matches or wooden matches having a stained, dyed, or colored stick or stem."

Sec. 548. Telephone, Telegraph, etc.

Sections 3465 and 3466 of the Internal Revenue Code are amended to read as follows:

"Sec. 3465. Imposition and Rate of Tax.

"(a) There shall be imposed:

"(1) (A) In the case of each telephone or radio telephone message or conversation which originates within the United States, for which the charge is more than 24 cents, a tax of 5 cents for each 50 cents, or fraction thereof, of the charge.

"(B) In the case of each telegraph, cable, or radio dispatch or message which originates within the United States, a tax of 10 per centum of the amount of the charge.

Only one payment of a tax imposed by subparagraph (A) or (B) shall be required notwithstanding the lines or stations of one or more persons are used in the transmission of such dispatch, message, or conversation.

"(2) (A) A tax equivalent to 10 per centum of the amount paid for leased wire, teletypewriter, or talking circuit special service.

"(B) A tax equivalent to 5 per centum of the amount paid for any wire and equipment service (including stock quotation and information services, burglar alarm or fire alarm service, and all other similar services, but not including service described in subparagraph (A)).

The tax shall apply under this paragraph whether or not the wires or services are within a local exchange area.

"(3) A tax equivalent to 6 per centum of the amount paid by subscribers for local telephone service and for any other telephone service in respect of which a tax is not payable under paragraph (1) or (2). Amounts paid for the installation of instruments, wires, poles, switchboards, apparatus, and equipment shall not be considered amounts paid for service. Service paid for by inserting coins in coin-operated telephones shall not be subject to the tax imposed by this paragraph.

"(b) This section shall not apply to the amount paid for so much of the service described in paragraph (2) of subsection (a) as is utilized in the conduct, by a common carrier or telephone or telegraph company or a radio broadcasting station or network, of its business as such.

"Sec. 3466. Exemption from Tax.

"(a) No tax shall be imposed under section 3465 upon any payment received for services or facilities furnished to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia.

"(b) No tax shall be imposed under section 3465 (a) (1) and (2) upon any payment received from any person for services or facilities utilized in the collection of news for the public press, or a news ticker service furnishing a general news service similar to that of the public press, or radio broadcasting, or in the dissemination of news through the public press, or a news ticker service furnishing a general news service similar to that of the public press, or by means of radio broadcasting, if the charge for such services or facilities is billed in writing to such person. Section 3465 (a) (3) shall not be construed as imposing a tax on services and facilities described in section 3465 (a) (1) or (2) which are exempt from tax under this subsection.

"(c) The right to exemption under this section shall be evidenced in such manner as the Commissioner with the approval of the Secretary may by regulation prescribe."

Sec. 549. Installment, etc., Payments.

Section 3441 (c) of the Internal Revenue Code is amended to read as follows:

"(c) (1) In the case of (A) a lease, (B) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments, or (C) a conditional sale, there shall be paid upon each payment with respect to the article that portion of the total tax which is proportionate to the portion of the total amount to be paid represented by such payment.

"(2) In the application of paragraph (1) to the articles with respect to which the rate of tax is increased by the Revenue Act of 1941 or by the Revenue Act of 1940, where the lease, contract of sale, or conditional sale, and delivery thereunder—

"(A) was made before July 1, 1940, the total tax referred to in paragraph (1) shall be the tax at the rate in force on June 30, 1940, and not at any greater rate; or

"(B) was made after June 30, 1940, and before October 1, 1941, the total tax referred to in paragraph (1) shall be the tax at the rate in force on September 30, 1941, and not at any greater rate.

"(3) Despite the provisions of paragraph (1), no tax shall be imposed with respect to any article not taxable under the law in existence on the day before the date of the enactment of the Revenue Act of 1941, if with respect to such article the lease, contract for sale, or conditional sale, and delivery thereunder, was made before October 1, 1941."

Sec. 550. Effective Date of Part IV.

(a) The amendments made by this Part shall be applicable only with respect to the period beginning with the effective date of this Part, and the rates specified in section 1650 (a), section 1807 (b), section 2004, section 2800 (g), and section 3190 of the Internal Revenue Code shall not apply with respect to such period. This Part shall take effect on October 1, 1941.

(b) Despite the provisions of subsection (a), the tax imposed by section 1700 (e) of the Internal Revenue Code, as amended by section 542 of this Act (relating to cabaret, etc., tax), shall be applicable only with respect to the period beginning at 10 a. m. on October 1, 1941, and the tax imposed by such subsection as in force prior to its amendment by section 542 of this Act, as modified by section 1650 (a) of the Internal Revenue Code, shall be applicable with respect to the period before 10 a. m. on such date.

(c) Despite the provisions of subsection (a), the amendment of section 3465 (a) (2) made by section 548 of this Act (relating to tax on leased-wire, etc., services) shall be applicable only to amounts paid on or after such effective date for services rendered, on or after October 1, 1941, and the provisions of such subsection before its amendment by section 548 shall be applicable with respect to the period before October 1, 1941.

(d) Despite the provisions of subsection (a), section 3465 (a) (3) of the Internal Revenue Code (relating to tax on telephone bills), added to the Internal Revenue Code by section 548 of this Act, shall apply only to the amounts paid in pursuance of bills rendered, after October 5, 1941, for services for which no previous bill was rendered. Such section 3465 (a) (3) shall not apply to amounts paid for services otherwise taxable under section 3465 (a) (1) which were rendered before October 6, 1941; nor to amounts paid for services otherwise taxable under section 3465 (a) (2) which were rendered or paid for before October 6, 1941.

Part V—New Excise Taxes

Sec. 551. New Manufacturers' Excise Taxes.

Subchapter A of Chapter 29 of the Internal Revenue Code is amended by inserting after section 3405 the following new section:

"Sec. 3406. Excise Taxes Imposed by the Revenue Act of 1941.

"(a) Imposition. — There shall be imposed on the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to the rate, on the price for which sold, set forth in the following paragraphs (including in each case parts or accessories of such articles sold on or in connection therewith, or with the sale thereof):

"(1) Sporting goods.—Badminton nets; badminton rackets (measuring 22 inches over-all or more in length); badminton racket frames (measuring 22 inches over-all or more in length); badminton racket string; badminton shuttlecocks, badminton standards; baseballs; baseball bats (measuring 26 inches or more in length); baseball body protectors and shin guards; baseball gloves and mitts; baseball masks; basketballs; billiard and pool tables (measuring 45 inches over-all or more in length); billiard and pool balls and cues for such tables; bowling balls and pins; boxing gloves, masks, head guards, and ear guards; clay pigeons; cricket balls; cricket bats; croquet balls and mallets; curling stones; deck tennis rings, nets, and posts; fencing equipment; fishing rods, creels, reels, and artificial lures, baits, and flies; footballs; football harness, football helmets; golf bags (measuring 26 inches or more in length); golf balls; golf clubs measuring 30 inches or more in length); gymnasium equipment and apparatus; hockey balls; hockey pucks; hockey sticks (measuring 30 inches or more in length); indoor baseballs; indoor baseball bats (measuring 26 inches or more in length); indoor baseball gloves and mitts; lacrosse balls; lacrosse sticks; mass balls; polo balls; polo mallets; push balls; skates; skis; ski poles; snow shoes; snow toboggans and sleds; soccer balls; softball balls; softball bats (measuring 26 inches or more in length); softball gloves and mitts; squash balls; squash rackets (measuring 22 inches over-all or more in length); squash racket; tennis balls; table tennis tables, balls, nets, and paddles; tennis nets, tennis rackets (measuring 22 inches over-all or more in length); tennis racket frames (measuring 22 inches over-all or more in length); tennis racket string; track hurdles; traps for throwing clay pigeons; vaulting poles, cross bars, and standards; volley balls, nets, and standards; water polo balls and goals; and wrestling head harness; 10 per centum.

"(2) Luggage.—Trunks, valises, traveling bags, suitcases, hat boxes for use by travelers, fitted toilet cases (not including contents), and other traveler's luggage, and leather and imitation leather brief cases, 10 per centum.

"(3) Electric, gas and oil appliances. — Electric direct motor-driven fans and air circulators; electric, gas, or oil water heaters; electric flat irons; electric air heaters (not including furnaces); electric immersion heaters; electric heating pads and blankets; electric, gas, or oil appliances of the type used for cooking, warming, or keeping warm food or beverages for consumption on the premises; electric mixers, whippers, and juicers; and household type electric vacuum cleaners; 10 per centum.

"(4) Photographic apparatus.—Cameras and lenses; unexposed photographic films (including motion picture films but not including X-ray film), photographic plates and sensitized paper; photographic apparatus and equipment; and any apparatus or equipment designed especially for use in the taking of photographs or motion pictures or in the developing, printing, or enlarging of photographs or motion picture films; 10 per centum.

"(5) Electric signs.—Neon-tube signs, electric signs, and electric advertising devices, 10 per centum.

"(6) Business and store machines.—Adding machines, addressing machines autographic registers, bank proof machines, billing machines, bookkeeping machines, calculating machines, card punching machines, cash registers, change making machines, check writing machines, check signing machines, check canceling machines, check perforating machines, check cutting machines, check dating machines, other check protector machine devices, computing machines, coin counters, dictographs, dictating machine record shaving machines, dictating machines, duplicating machines, embossing machines, envelope opening machines, erasing machines, folding machines, fanfold machines, fare registers, fare boxes, listing machines, line-a-time and similar machines, mailing machines, multigraph machines, multigraph typesetting machines, multigraph type justifying machines, numbering machines, portable paper fastening machines, pay roll machines, pencil sharpeners, postal permit mailing machines, punch card machines, sorting machines, stencil cutting machines, shorthand writing machines, sealing machines, tabulating machines, ticket counting machines, ticket issuing machines, typewriters, transcribing machines, time recording devices, and combinations of any of the foregoing, 10 per centum.

"(7) Rubber Articles.—Articles of which rubber is the component material of chief weight, 10 per centum. The tax imposed under this paragraph shall not be applicable to footwear, articles designed especially for hospital or surgical use, or articles taxable under any other provision of this chapter.

"(8) Washing Machines.—Washing machines of the kind used in commercial laundries, 10 per centum. No tax shall be imposed under this paragraph on washing machines of the household type.

"(9) Optical Equipment.—Refractories; spectrometers; spectroscopes; colorimeters; polariscopes; optical measuring instruments; telescopic sights; projection lenses and prisms; optical machinery; microscopes; telescopes; photomicro and micro-projection apparatus; fire control optical instruments; and searchlight mirrors and reflectors; 10 per centum.

"(10) Electric Light Bulbs and Tubes.—Electric light bulbs and tubes, not including articles taxable under any other provision of this subchapter, 5 per centum.

"(b) Exemption if Article Taxable as Jewelry.—No tax shall be imposed under this section on any article taxable under section 2400 (relating to jewelry tax).

"(c) Effective Date.—This section shall take effect on Oct. 1, 1941."

Sec. 552. New Retailers' Excise Taxes.

(a) Imposition of Tax.—The Internal Revenue Code is amended by adding after chapter 18 the following new chapter:

"Chapter 19—Retailers' Excise Taxes

"Sec. 2400. Tax on Jewelry, etc.

"There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 per centum of the price for which so sold: All articles commonly or commercially known as jewelry, whether real or imitation; peals, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof; watches and clocks and cases and movements therefor; gold, gold-plated, silver, silver-plated or sterling flatware or hollow ware; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars. The tax imposed by this section shall not apply to any article used for religious purposes, to surgical instruments, or to frames or mountings for spectacles or eyeglasses, or to a fountain pen if the only parts of the pen which consist of precious metals are essential parts not used for ornamental purposes.

"Sec. 2401. Tax on Furs.

"There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 per centum of the price for which so sold: Articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value.

"Sec. 2402. Tax on Toilet Preparations.

"(ar) Tax.—There is hereby imposed upon the following articles sold at retail a tax equivalent to 10 per centum of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous, toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

"(b) Beauty Parlors, etc.—For the purpose of subsection (a) the sale of any article described in subsection (a) to any person operating a barber shop, beauty parlor, or similar establishment shall be considered a sale at retail; resale by such person shall be subject to tax as a sale at retail, but there shall be credited against the tax payable by such person with respect to such resale the amount of tax paid on the sale to such person.

"Sec. 2403. Return and Payment of Retailers' Excise Taxes.

"(a) Every person who sells at retail any article taxable under this chapter shall make monthly returns under oath in duplicate and pay the taxes imposed by this chapter to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the collector at Baltimore, Maryland. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

"(b) The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 6 per centum per annum from the time when the tax became due until paid.

"(c) In determining, for the purposes of this chapter, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this chapter, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations. There shall also be excluded, if stated as a separate charge, the amount of any retail sales tax imposed by any State or Territory or political subdivision of the foregoing, or the District of Columbia, whether the liability for such tax is imposed on the vendor or the vendee.

"Sec. 2404. Definition of Sale.

"For the purpose of this chapter, the lease of an article shall be considered the sale of such article.

"Sec. 2405. Leases, Conditional Sales, etc.

"In the case of (a) a lease, (b) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments, or (c) a conditional sale, there shall be paid upon each payment with respect to the article that portion of the total tax which is proportionate to the portion of the total amount to be paid represented by such payment. No tax shall be imposed under this chapter on the sale of any article taxable under section 2400 or section 2401 if with respect to such article the lease, contract for sale, or conditional sale was made, delivery thereunder was made, and a part of the consideration was paid, before October 1, 1941.

"Sec. 2406. Tax-Free Sales.

"Under regulations prescribed by the Commissioner with the approval of the Secretary, no tax under this chapter shall be imposed with respect to the sale of any article—

"(a) for the exclusive use of the United States, any State, Territory of the United States, or any political subdivision of the foregoing, or the District of Columbia;

"(b) for export, or shipment to a possession of the United States, and in due course so exported or shipped.

"Sec. 2407. Credits and Refunds.

"(a) A credit against tax under this chapter, or a refund, may be allowed with respect to an article, when the price on which the tax was based is readjusted by reason of return or repossession of the article, or by a bona fide discount, rebate, or allowance, in the amount of that part of the tax proportionate to the part of the price which is refunded or credited.

"(b) No overpayment of tax under this chapter shall be credited or refunded, in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected the amount of tax from the purchaser, or (2) that he has repaid the amount of the tax to the purchaser of the article, or unless he files with the Commissioner written consent of such purchaser to the allowance of the credit or refund.

"Sec. 2408. Applicability of Administrative Provisions.

"All provisions of law (including penalties) applicable in respect of the taxes imposed by section 2700 shall, insofar as applicable and not inconsistent with this chapter, be applicable in respect of the taxes imposed by this chapter.

"Sec. 2409. Penalty for Representation That Tax Is Not Passed On.

"Whoever in connection with the sale or lease, or offer for sale or lease, of any article taxable under this chapter, makes any statement, written or oral, in advertisement or otherwise, intend or calculated to lead any person to believe that the price of the article does not include the tax imposed by this chapter, shall on conviction thereof be punished by a fine of not more than $1000.

"Sec. 2410. Rules and Regulations.

"The Commissioner with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this chapter.

"Sec. 2411. Effective Date.

"This chapter shall be effective on and after October 1, 1941."

(b) Termination of Manufacturers' Tax on Toilet Preparations.—The tax imposed by section 3401 of the Internal Revenue Code shall not apply to articles sold on or after October 1, 1941.

Sec. 553. Administrative Changes in Manufacturers' Excise Tax Title of Code.

(a) Leases.—Section 3440 of the Internal Revenue Code is amended to read as follows:

"Sec. 3440. Definition of Sale.

"For the purposes of this chapter the lease of an article (including any renewal or any extension of a lease or any subsequent lease of such article) by the manufacturer, producer, or importer shall be considered a taxable sale of such article."

(b) Existing Contracts.—Chapter 29 of the Internal Revenue Code is amended by adding at the end thereof the following new section:

"Sec. 3453. Existing Contracts.

"(a) Tax Payable by Vendee.—If (1) any person has, prior to the effective date of Part V of Title V of the Revenue Act of 1941, made a bona fide contract for the sale on or after such date, of any article with respect to the sale of which a tax is imposed by that Act or an existing rate of tax is increased by that Act, and (2) such contract does not permit the adding to the amount to be paid under such contract of the whole of such tax or increased rate of tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price.

"(b) Tax Paid to Vendor. — Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected and paid to the United States by the vendor in the same manner as provided in section 3467. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner who shall cause collection of such taxes to be made from the vendee."

(c) Unexposed Motion Picture Films.—Section 3443 (a) (3) (A) of the Internal Revenue Code (relating to credits or refunds of tax to manufacturer) is amended by inserting at the end thereof the following new clause:

"(v) in the case of unexposed motion picture films, used or resold for use in the making of news reel motion picture films."

(d) Credits, and Tax Free Sales of Automobile Radios.—Section 3442, section 3443 (a) (1), and section 3444 (a) (1) and (2) of the Internal Revenue Code (relating to tax in case of sale of tires to manufacturers of automobiles, etc., and credit on sale) are amended by striking out "tires or inner tubes" wherever appearing therein and inserting "tires, inner tubes, or automobile radios taxable under section 3404"; and by striking out "tire or inner tube" wherever appearing therein and inserting "tire, inner tube, or automobile radio taxable under section 3404". Section 3403 (e) of the Internal Revenue Code, as amended by this Act, is further amended by striking out "tires and inner tubes" where the phrase appears the first time and inserting "tires, inner tubes, or automobile radios"; paragraph (1) of subsection (e) of such section is amended by inserting before the semicolon "or, in the case of automobile radios, if such radios were taxable under section 3404"; paragraph (2) of subsection (e) of such section is amended by striking out "tires, or inner tubes" wherever such phrase appears and inserting "tires, inner tubes, or automobile radios".

Sec. 554. Transportation of Persons, etc.

(a) The heading of subchapter C is amended to read as follows:

"Subchapter D—Administrative Provisions".

(b) Chapter 30 of the Internal Revenue Code is amended by inserting after section 3468 the following new subchapter:

"Subchapter C—Transportation of Persons

"Sec. 3469. Tax on Transportation of Persons, etc.

"(a) Transportation. — There shall be imposed upon the amount paid within the United States, on or after October 10, 1941, for the transportation, on or after such effective date, of persons by rail, motor vehicle, water, or air, within or without the United States, a tax equal to 5 per centum of the amount so paid. Such tax shall apply to transportation by motor vehicles having a passenger seating capacity of less than ten adult passengers, including the driver, only when such vehicle is operated on an established line.

"(b) Exemption of Certain Trips.—The tax imposed by subsection (a) shall not apply to amounts paid for transportation which do not exceed 35 cents, to amounts paid for commutation or season tickets for single trips of less than thirty miles, or to amounts paid for commutation tickets for one month or less.

"(c) Seats, Berths, Etc.—There shall be imposed upon the amount paid within the United States for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) a tax equivalent to 5 per centum of the amount so paid.

"(d) Returns and Payment.—The taxes imposed by this section shall be paid by the person making the payment subject to the tax. Each person receiving any payment specified in subsection (a) or (c) shall collect the amount of the tax imposed from the person making such payment, and shall, on or before the last day of each month, make a return, under oath, for the preceding month, and pay the taxes so collected to the collector in the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Maryland. Such returns shall contain such information and be made in such manner as the Commissioner with the approval of the Secretary may by regulations prescribe.

"(e) Extensions of Time.—The Commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than ninety days.

"(f) Exemptions.—

"(1) Governmental Exemption.—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished to the United States, or to any State or Territory, or political subdivision thereof, or the District of Columbia.

"(2) Exemption of Members of Military and Naval Service.—The tax imposed by this section shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than 1¼ cents per mile applicable to round trip tickets sold to personnel of the United States Army, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate."

(c) Stamp Tax on Passage Tickets Not to Apply.—No tax shall be imposed under chapter 11 of the Internal Revenue Code on a ticket sold or issued for passage the amount paid for which is taxable under section 3469 of the Internal Revenue Code.

(d) Technical Amendments.—

(1) Section 55 (a) (2) of the Internal Revenue Code is amended by striking out "subchapters A and B of".

(2) Section 3471 (a) and (c) are amended by inserting after "subchapter B" wherever occurring therein "or subchapter C".

(3) Section 3472 of the Internal Revenue Code is amended by striking out "of subchapters A and B".

Sec. 555. Coin-Operated Amusement and Gaming Devices.

Subchapter A of chapter 27 of the Internal Revenue Code is amended by adding at the end thereof the following new part:

"Part IX—Coin-Operated Amusement and Gaming Devices

"Sec. 3267. Tax on Coin-Operated Amusement and Gaming Devices.

"(a) Rate.—Every person who maintains for use or permits the use of, on any place or premises occupied by him, a coin-operated amusement or gaming device shall pay a special tax as follows:

"(1) $10 per year in the case of a device defined in clause (1) of subsection (b);

"(2) $50 per year, in the case of a device defined in clause (2) of subsection (b); and

"(3) $10 or $50, as the case may be, for each additional device so maintained or the use of which is so permitted. If one such device is replaced by another, such other device shall not be considered an additional device.

"(b) Definition.—As used in this part the term 'coin-operated amusement and gaming devices' means (1) so-called 'pin-ball' and other similar amusement machines, operated by means of the insertion of a coin, token, or similar object, and (2) so-called 'slot' machines which operate by means of insertion of a coin, token, or similar object and which, by application of the element of chance, may deliver, or entitle the person playing or operating the machine to receive, cash, premiums, merchandise, or tokens. The term does not include bona fide vending machine in which are not incorporated gaming or amusement features.

"(c) Applicability of Administrative Provisions.—An operator of a place or premises who maintains for use or permits the use of any coin-operated device shall be considered, for the purposes of subchapter B, to be engaged in a trade or business in respect of each such device.

"(d) Effective Date of Tax.—With respect to the year ending June 30, 1942, no tax shall be payable under this part for any period prior to Oct. 1, 1941."

Sec. 556. Bowling Alleys, etc.

Subchapter A of chapter 27 of the Internal Revenue Code is amended by adding at the end thereof the following new part:

"Part X—Bowling Alleys, and Billiard and Pool Tables

"Sec. 3268. Tax on Bowling Alleys, and Billiard and Pool Tables.

"(a) Rate.—Every person who operates a bowling alley, billiard room, or pool room shall pay a special tax of $10 per year for each bowling alley, billiard table, or pool table. Every building or place where bowls are thrown or where games of billiards or pool are played, except in private homes, shall be regarded as a bowling alley, billiard room, or pool room, respectively.

"(b) Effective Date of Tax.—With respect to the year ending June 30, 1942, no tax shall be payable under this part for any period prior to Oct. 1, 1941."

Sec. 557. Use of Motor Vehicles and Boats.

The Internal Revenue Code is amended by inserting after chapter 33 the following new chapter:

"Chapter 33A—Use of Motor Vehicles and Boats

"Sec. 3540. Tax on Use of Motor Vehicles and Boats.

"(a) Imposition of Tax.—There shall be imposed upon the use of motor vehicles and boats a tax, with respect to each year in which such use occurs, at the following rates:

"(1) Motor vehicles—$5

"(2) Boats.—

"Over-all length 16 feet or over but not over 28 feet, $5.

"Over-all length over 28 feet but not over 50 feet, $10.

"Over-all length over 50 feet but not over 100 feet, $40.

"Over-all length over 100 feet but not over 150 feet, $100.

"Over-all length over 150 feet but not over 200 feet, $150.

"Over-all length over 200 feet, $200.

Such tax, in the case of a motor vehicle, shall be paid by the person in whose name the motor vehicle is, or is required to be, registered under the law of the State, Territory, or the District of Columbia in which such motor vehicle is, or is required to be, registered. Such tax, in the case or a boat, shall be paid by the owner of the boat. The tax imposed by this section shall not apply to any use before Feb. 1, 1942, and use before such date shall not be considered to be use within the meaning of this section.

"(b) Definitions.—For the purpose of this section—

"(1) The term 'year' means the year beginning July 1.

"(2) The term 'motor vehicle' means all motor vehicles of the kind chiefly used for highway transportation.

"(3) The term 'boat' means all boats propelled by machinery, sail, or both, measuring 16 feet or more in over-all length, owned by a citizen or resident of the United States. Such term does not include boats used chiefly for trade, or commercial fishing, or boats used without profit by any benevolent, charitable, or religious organization exclusively for furnishing aid, comfort, or relief to seamen, or boats used by the sea scouts department of the Boy Scouts of America chiefly for training scouts in seamanship.

"(4) The term 'use' in the case of the use of a motor vehicle means use on the public highways.

"(c) Proration of Tax.—If in any year the first use of the motor vehicle or boat is after July 31 the tax shall be reckoned proportionately from the first day of the month in which such use occurs to and including the 30th day of June following.

"(d) One Payment Per Year.—If the tax imposed by this section is paid with respect to any motor vehicle or boat for any year no further tax shall be imposed for such year with respect to such motor vehicle or boat.

"(e) Evidence of Tax Payment.—The payment of the tax imposed by this section shall be evidenced by such suitable stamp, sticker, or tag of such form, which shall be affixed to the motor vehicle or boat in such manner, as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

"(f) Manner of Collection.—The place, time, and manner of making payment of the tax, and of furnishing such stamp sticker, or tag shall be such as may be provided in regulations prescribed by the Commissioner with the approval of the Secretary.

"(g) Cooperation of Post Office Department.—The Commissioner shall furnish to the Postmaster General without prepayment a suitable quantity of stamps, stickers, or tags to be distributed to and kept on sale by postmasters in the United States. The Postmaster General may require each such postmaster to give additional or increased bond as postmaster for the value of the stamps, stickers, or tags furnished to him, and each such postmaster shall deposit the receipts from the sale of such stamps, stickers, or tags to the credit of and render accounts to the Postmaster General at such times and in such form as he may by regulations prescribe. The Postmaster General shall at least once monthly transfer all collections from this source to the Treasury as internal-revenue collections. The Postmaster General is authorized to cooperate to the fullest extent possible with the Commissioner in the sale of such stamps, stickers, or tags and in forwarding to the Commissioner or to collector of internal revenue such blanks or forms as the Commissioner may determine necessary to the collection of the tax. There are authorized to be appropriated such sums as may be necessary to enable the Secretary of the Treasury to advance from time to time to the Postmaster General such sums as the Postmaster General may show shall be required for the expenses of the Post Office Department in performing in the District of Columbia and elsewhere all services required by this section.

"(h) Sale of Stamps by Private Persons. — If the Commissioner provides for the sale of stamps, stickers, or tags by persons not officers or employees of the United States he may require bond, with sufficient sureties, in a sum to be fixed by the Commissioner, conditioned for the faithful return, whenever required, of all quantities or amounts undisposed of, and for the payment for, all quantities or amounts sold or not remaining on hand. The Commissioner, with the approval of the Secretary may from time to time make such regulations as he may find necessary to insure the safekeeping or prevention of illegal use of all such stamps, stickers, or tags.

"(i) Penalties for Unlawful Use.—Any person liable for the tax under this section who uses or permits the use of the motor vehicle or boat before tax has been paid shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $25 or imprisoned for not more than thirty days, or both. Any person who uses or operates a motor vehicle or boat at a time when the stamp, sticker, or tag does not appear on the motor vehicle or boat in the manner provided in the regulations prescribed under subsection (e) or (f) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $25.

"(j) Exempt Uses.—The tax imposed by this section shall not apply to the use of a motor vehicle or boat by the United States, a State, Territory, the District of Columbia, or a political subdivision of any of the foregoing."

Sec. 558. Effective Date of Part V.

This part shall take effect on October 1, 1941.

Part VI—Processing Tax on Certain Oils

Sec. 561. Payment of Proceeds of Processing Tax to Guam and American Samoa.

(a) Payment to Possessions.—Chapter 21 of the Internal Revenue Code (relating to processing tax on oils) is amended by adding at the end thereof the following new section:

"Sec. 2483. All taxes collected under this chapter with respect to coconut oil wholly of the production of Guam or American Samoa or produced from materials wholly of the growth or production of Guam or American Samoa, shall be held as separate funds and paid to the Treasury of Guam or American Samoa, respectively. No part of the money from such funds shall be used, directly or indirectly, to pay a subsidy to the producers or processors of copra, coconut oil, or allied products, except that this sentence shall not be construed as prohibiting the use of such money, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, for the acquisition or construction of facilities for the better curing of copra or for bona fide loans to copra producers of Guam or American Samoa."

(b) Effective Date of Amendment.—The amendment made by this section shall be applicable only with respect to taxes collected after the date of enactment of this Act.

Title VI—Nonessential Federal Expenditures

Sec. 601. Nonessential Federal Expenditures.

(a) There is hereby established a committee to investigate Federal expenditures (hereinafter referred to as the "committee") to be composed of (1) three members of the Senate Committee on Finance and three members of the Senate Committee on Appropriations, to be appointed by the President of the Senate; (2) three members of the House Committee on Ways and Means and three members of the House Committee on Appropriations, to be appointed by the Speaker of the House of Representatives; and (3) the Secretary of the Treasury, and the Director of the Bureau of the Budget. A vacancy in the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. A majority of the committee shall constitute a quorum, and the powers conferred upon them by this section may be exercised by a majortiy vote.

(b) It shall be the duty of the committe to make a full and complete study and investigation of all expenditures of the Federal Government with a view to recommending the elimination or reduction of all such expenditures deemed by the committee to be nonessential. The committee shall report to the President and to the Congress the results of its study, together with its recommendations, at the earliest practicabl date.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to employ such experts and such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths to take such testimony, and to make such expenditures, as it deems advisable. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena, or to testify when summoned under the authority of this section.

(d) The committee is authorized to utilize the services, information, facilities, and personnel of the departments and agencies of the Government.

(e) There is hereby authorized to be appropriated, the sum of $10,000, or so much thereof as may be necessary, to carry out the provisions of this section.

(f) All authority conferred by this section shall terminate upon the submission of the committee's final report.

Sec. 602. Section 1303 of the Revenue Act of 1918, as amended, is amended by striking out "President of the Senate" wherever it appears therein and inserting in lieu thereof "President pro tempore of the Senate".

Title VII—Credit Against Federal Unemployment Taxes

Sec. 701. Credit Against Federal Unemployment Taxes.

(a) Allowance of Credit Against Tax for 1936, 1937, and 1938.—Against the tax imposed by section 901 of the Social Security Act for the calendar year 1936, 1937, or 1938, any taxpayer shall be allowed credit (if credit is not allowable under section 902 of such Act) for the amount of contributions paid by him into an unemployment fund under a State law—

(1) Before the sixtieth day after the date of the enactment of this Act, if such credit is claimed before the expiration of six months after such date of enactment;

(2) Without regard to the date of payment, with respect to wages paid after September 19, 1939;

(3) Without regard to the date of payment, if the assets of the taxpayer are, at any time during the fifty-nine-day period following such date of enactment, or were at any time during the period August 11, 1939, to October 8, 1939, inclusive, or the period October 9, 1940, to December 6, 1940, inclusive, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

The provisions of the Social Security Act in force prior to February 11, 1939, (except the provision limiting the credit to amounts paid before the date of filing returns), shall apply to allowances of credit under this subsection; except that the amount of credit against the tax for the calendar year 1936, 1937, or 1938, for contributions paid after December 6, 1940, shall not (unless the credit is allowable on account of paragraph (2) or (3) exceed 90 per centum of the amount which would have been allowable as credit on account of such contributions had they been paid before the last day upon which the taxpayer was required under section 905 of such Act to file a return for such year. The terms used in this subsection shall have the same meaning as when used in title IX of such Act prior to February 11, 1939. The total credit allowable against the tax imposed by section 901 of such Act for the calendar year 1936, 1937, or 1938 shall not exceed 90 per centum of such tax.

(b) Allowance of Credit Against Tax for 1939 and 1940.—Against the tax imposed by the Federal Unemployment Tax Act for the calendar year 1939 or 1940, any taxpayer shall be allowed credit (if credit is not allowable under section 1601 of such Act) for the amount of contributions paid by him into an unemployment fund under a State law—

(1) Before the sixtieth day after the date of the enactment of this Act, if such credit is claimed before the expiration of six months after such date of enactment.

(2) Without regard to the date of payment, if the assets of the taxpayer are, at any time during the fifty-nine-day period following such date of enactment, or were at any time during the period from the last day upon which the taxpayer was required under section 1604 of the Federal Unemployment Tax Act to file a return of the tax against which credit is claimed to June 30 next following such last day, inclusive, or (in the case of credit against the tax for the calendar year 1939) the period October 9, 1940 to December 6, 1940, inclusive, in the custody or control of a receiver, trustee, or other fiduciary appointed by, or under the control of, a court of competent jurisdiction.

The provisions of the Federal Unemployment Tax Act (except section 1601 (a) (3), including such provisions as modified by section 902 (e) of the Social Security Act Amendments of 1939, shall apply to allowance of credit under this subsection. The amount of such credit against the tax for the calendar year 1939 or 1940, in the case of contributions paid after the last day upon which the taxpayer was required under section 1604 of the Federal Unemployment Tax Act to file a return for such year, shall not (unless the credit is allowable on account of paragraph (2), exceed 90 per centum of the amount which would have been allowable as credit on account of such contributions had they been paid on or before such last day. The terms used in this subsection shall have the same meaning as when used in the Federal Unemployment Tax Act. The total credit allowable against the tax imposed by such Act for the calendar year 1939 or 1940 shall not exceed 90 per centum of such tax.

(c) Refund.—Refund, credit, or abatement of the tax (including penalty and interest assessed or collected with respect thereto, if any), based on any credit allowable under subsection (a) or (b), may be made in accordance with the provisions of law applicable in the case or erroneous or illegal assessment or collection of the tax (including statutes or limitations). No interest shall be allowed or paid on the amount of any such credit or refund. On and after the date of the enactment of this Act no refund, credit, or abatement shall be allowed based on any credit allowable under section 810 of the Revenue Act of 1938, section 902 (a) of the Social Security Act Amendments of 1939, or section 701 of the Second Revenue Act of 1940.

Approved, Sept. 20, 12.15 p.m. E.S.T., 1941.

German Diet Adequate Though Not Sumptuous

The restricted diet of the German population has not yet resulted in any observable deterioration in physical condition or working efficiency, according to a report prepared by J. H. Richter, of the Office of Foreign Agricultural Relations, United States Dept. of Agriculture. In fact, according to the report, Available information indicates that Germans are now eating on a better scale, at the start of the third year of war, than at the corresponding date during the first World War.

Associated Press advices of Oct. 17, bearing on the report, also said:

> The department said the present German fare was characterized by a rather ample supply of carbohydrates and a considerably reduced supply of fats and proteins.
>
> Mr. Richter's analysis, department sources said, was based on reports of official United States observers, analyses by semi-official German research organizations and the German government's rationing figures.
>
> The civilian ration of meats, the department said, is about two-thirds of that before the war started. Egg supplies were said to have declined considerably. Deficiencies in vitamins and mineral salts were said to be appearing. Margarine is being fortified by the addition of vitamin A to make it physiologically equivalent to butter.
>
> In reporting the reduction in consumption of fats, proteins and mineral salts, the department noted that it was well to remember that "the numerous strains of war increase rather than reduce the physiological requirements of the human body."
>
> "Consumption of individual foods in the various consumer groups during the first two years of war may be estimated to have ranged from 50 to 120% of the pre-war figures," the report said, "with an average total food consumption by the civilian population at nearly 90% of the pre-war caloric value. For large and important groups of the population the caloric value of total consumption of rationed and unrationed foods probably does not differ much from their pre-war standard."
>
> The report said the German rationing system continued to favor large-size families and those groups of the population which most directly sustain the military, industrial and agricultural phases of the war effort. Laborers doing a heavy type of manual work, children and the rural population in general were said to have larger food allowances than the average consumer. Soldiers were said to be very well fed.
>
> The report said that so far during this war potatoes have been available for human consumption in ample quantities except for short periods of transportation difficulties. During the first war a scarcity of potatoes became evident as early as 1915. Present consumption of bread, flour and other farinaceous foods by the civilian puopulation was said to be hardly below its pre-war level. Sugar consumption was said to be above the pre-war rate.
>
> Whole milk supplies are reserved for children, sick persons, expectant and nursing mothers, and certain workers in chemical industries. Cheese consumption was said to be about two-thirds normal.

Federal Outlays Could Be Cut Two Billion

(Continued from First Page)

year to Congress, is being revised constantly and budget execution is "continuous economy drive."

"If in December, 1940," said the report, "the improvement in business conditions could have been fully foreseen, smaller appropriations for the economic and social programs would have been recommended. This improvement has been captured in the process of budget administration. The President's recommendation to the Congress in May of 1941 for the WPA appropriation for the current fiscal year was $109,000,000 below the estimate in the original budget document. The lower figure contemplated that average WPA employment would be 23% below the average on which the original budget estimate was based.

"The Administration can, within certain limits, adjust current expenditures to changing needs. In apportioning available funds a certain portion of the appropriations may be placed in reserve if it is believed that a department or agency has appropriations in excess of actual needs. This reserve is withheld until the department or agency can demonstrate that the money is essential to its program.

"For the fiscal year 1942, reserves of $450,000,000 have been established. This unusually large amount appears possible in the light of improved business conditions. A larger reserve could not be established at this time without a revision of the functions and programs which are the result of Congressional enactments."

Action Deemed Unlikely

The Bureau's proposal for deep cuts in work relief, agricultural benefits and aids to youth obviously left the economy-minded members of Congress little to go on in any drive they might make. Likewise, it somewhat damped the prospects of action by the new joint committee, established under the Revenue Act of 1941, by which the executive department and the Tax and Appropriations Committees of Congress are expected to get together on a spending and taxing policy.

A possible method of saving $1,000,000,000, it was explained in the report, would be to cut work relief down to $707,000,000; farm aid to $758,000,000, aids to youth to $178,000,000 and the general public works program, including roads, to $478,000,000.

The $1,500,000,000 saving would require a Work Projects Administration cut to $524,000,000, agricultural benefits to $593,000,000 N. Y. A. and CCC to $188,000,000 and the works program to $447,000,000.

To effect the $2,000,000,000 saving, it would be necessary to slash WPA down to $270,000,000, farm aids to $578,000,000, youth aids to $19,000,000 and the works program to $427,000,000, the report said.

On the subject of work relief, the report said it should be understood that 32% of present WPA workers and 38% of WPA expenditures are for defense projects.

On farm aids the Budget Bureau was made hopeful, but not for the near future, because of the "considerable interval between the time when farm conditions improve and the date when reduction of payments is possible.

Parity payments are designed to make up for discrepancies between farm prices of the last year and the adjusted parity prices of the same period, it was pointed out. In addition, soil conservation programs are announced, and place the Government under obligation, almost two years before they appear in the budget.

The New York "Times" of Oct. 19 presented the following tabulation outlining the proposed reductions:

POSSIBLE NON-DEFENSE CUTS
(Figures in Millions of Dollars)

Activity	Estimate of Appropriations in 1942 Budget	Estimated Expenditures in 1942 Budget	Actual Appropriations to Oct. 5, 1941 (a)	Revised Estimate of Expenditures 1942 (Oct. 5, 1941)	Expenditures (b) Under Hypothetical Cuts of— $1,000,000,000	$1,500,000,000	$2,000,000,000
Legislative, judicial & executive	43	41	41	39	41	41	41
Civil departments & agencies	807	833	880	823	755	730	700
General public works program	450	533	623	620	478	447	427
Veterans' pensions & benefits	575	564	575	566	552	551	550
Aids to agriculture	915	1,061	1,101	1,155	758	593	578
Aids to youth	372	363	339	290	178	118	19
Social security	473	463	467	468	460	457	412
Work relief	995	1,034	886	940	707	524	270
Refunds	82	89	82	87	89	89	89
Interest on the public debt	1,225	1,225	1,275	1,275	1,225	1,225	1,225
Transfers to trust accounts	274	275	274	268	263	256	245
Supplemental items—regular	100	100	50	50	75	50	25
Total, exclud. debt retirement	6,311	6,581	6,593	6,581	5,581	5,081	4,581

(a) Includes supplemental estimates pending before Congress, Oct. 5, 1941, and an estimate of further supplementals to be transmitted. (b) Under budget estimates of expenditures (Col. 2).

Foreign Front

(Continued from page 824)

miralty A. V. Alexander deplored the demands of what they called "amateur critics and arm-chair strategists." But the outcry continued and apparently is proving highly troublesome for the Cabinet.

Perhaps in order to satisfy the perfectly natural popular call for action, the information slowly has been permitted to trickle out from high quarters in London that a vast expeditionary force is being assembled in the Near East, with the intent of aiding the Russians directly in the Caucasus. General Sir Archibald P. Wavell was rumored to be conferring with Russian commanders in Russian Georgia. A joint Anglo-Russian stand in the Caucasus thus looms, and possibly will prevent access by the Germans to the vast oil fields which are their obvious objective.

In this, as in other aspects of the problem of aiding Russia, the question of entry ports and transportation is of primary importance, and no military expert pretends that it has been solved. The shipping available for this enterprise is, in itself, a matter of much concern. Only airplanes, it would seem, can be delivered to the Russians with ease, for the time being, and for obvious reasons.

Indicative of the grave situation in the Far East was an announcement by our own Maritime Commission, last week, that American shipments of war material to Russia hereafter will move through Boston, rather than from the Pacific Coast to Vladivostok. Although no official comment was made as to the destination, the plain inference was that Archangel will be the receiving port at the Russian end, at least until ice or Nazi airplanes make that route unusuable. This disclosure vexed the White House, since the information is of some military value, and it was indicated that Vladivostok is not being given up altogether.

The principal route of aid to Russia almost of necessity will be

(Continued on page 844)

Bond Prices Steady

There has been almost no change in the level of bond prices this week, with one exception. The partially tax-free Treasury issues gained about ¼ point on Saturday and another ¼ point on Monday. The new taxable 2½s, 1967-72, have held around 103 for their first week of trading.

High-grade rail bonds have displayed a good undertone and prices for the week under review have been better. Union Pacific Land Grant 4s, 1947, at 111⅛ were unchanged. Medium-grade rails have been mixed while speculative issues have declined. Great Northern 4½s, 1976, lost ⅜ at 87¾; Southern Pacific 4½s, 1969, dropped one point to 48¼; New York Central 4½, 2013, fell ½ to 49¾. Defaulted railroad bonds have been fractionally lower, also "when issued" reorganization rails.

All sections of the utility bond market have been firm, with no unusual activity, however. High grades held to their peak levels, easing only slightly more recently. Speculative issues for the most part have moved ahead, greatest demand developing in Associated Electric 4½s, 1953, Continental Gas & Electric 5s, 1958, Interstate Power 5s, 1957, and International Hydro-Electric 6s, 1944. The outstanding exception in this group was the York Railways 5s, 1947, which closed at 82, off 15.

Generally better prices have been seen among industrial bonds this week. Steel company obligations showed mixed fractional changes, with the Otis Steel 4½s, 1962, gaining ⅞ points at 81⅜. Fractional gains have been the rule among oil company obligations and the same has been true in the coal section. Among railroad equipment company issues, the General Steel Castings 5½s, 1949, gained ½ point at 94 and in the building materials section the Certainteed Products 5½s, 1948, gained 1½ points at 85¾. In the retail selling section, the Childs Company 5s, 1943, lost 3⅜ points at 40½, while the United Drug 5s, 1953, gained 1⅜ points at 92⅜.

Canadian bonds have continued their rally of last week, closing near the year's highs. Australian loans have been little changed, Brisbane 5s declining under pressure. The South American list has been mixed with fresh strength in Cuba 4½s contrasting with weakness in Sao Paulo Coffee 7s, which lost 2 points. Japanese bonds have continued irregular, the issues of Great Consolidated Power Co. fluctuating widely. Danish loans have continued moderately improved while Norwegian loans have tended to soften after advancing two or more points.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus.
Oct. 28	119.92	108.16	118.40	115.82	109.42	91.77	97.31	112.19	116.02
27	119.92	108.16	118.40	115.82	109.42	91.91	97.31	112.19	116.02
25	119.63	108.16	118.40	115.82	109.42	91.91	97.47	112.19	116.02
24	119.43	108.16	118.40	115.63	109.42	92.06	97.47	112.19	116.02
23	119.35	108.16	118.40	115.63	109.24	91.91	97.31	112.19	116.02
22	119.29	107.98	118.40	115.43	109.24	91.91	97.31	112.00	116.02
21	119.29	107.98	118.40	115.63	109.24	91.77	97.31	112.00	116.02
20	119.25	107.98	118.40	115.43	109.24	91.91	97.31	112.00	116.02
18	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.00	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
16	119.23	107.98	118.40	115.43	109.06	91.77	97.16	112.00	116.02
15	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
14	119.18	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
13	STOCK EXCHANGE CLOSED								
11	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
9	119.16	107.98	118.40	115.43	109.24	91.91	97.16	112.19	116.22
8	119.13	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
7	119.15	108.16	118.40	115.43	109.24	92.20	97.31	112.19	116.22
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.92	108.16	118.60	115.82	109.42	92.35	97.62	112.19	116.22
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago Oct. 28, 1940	116.88	105.00	117.20	113.12	104.66	88.27	95.62	109.79	112.37
2 Yrs. Ago Oct. 28, 1939	112.55	99.84	111.44	108.34	98.09	84.43	89.51	104.14	107.09

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Oct. 28	3.27	2.73	2.86	3.20	4.29	3.92	3.05	2.85
27	3.27	2.73	2.86	3.20	4.28	3.92	3.05	2.85
25	3.27	2.73	2.86	3.20	4.28	3.91	3.05	2.85
24	3.27	2.73	2.87	3.20	4.27	3.91	3.05	2.85
23	3.27	2.73	2.87	3.21	4.28	3.92	3.05	2.85
22	3.28	2.73	2.88	3.21	4.28	3.92	3.06	2.85
21	3.28	2.73	2.87	3.21	4.29	3.92	3.06	2.85
20	3.28	2.73	2.88	3.21	4.28	3.92	3.06	2.85
18	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
16	3.28	2.73	2.88	3.22	4.29	3.93	3.06	2.85
15	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
14	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
13	STOCK EXCHANGE CLOSED							
11	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
9	3.28	2.73	2.88	3.21	4.28	3.93	3.05	2.84
8	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
7	3.27	2.73	2.88	3.21	4.26	3.92	3.05	2.84
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.27	2.72	2.86	3.20	4.25	3.90	3.05	2.84
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago— Oct. 28, 1940	3.45	2.79	3.00	3.47	4.54	4.13	3.18	3.04
2 Years Ago— Oct. 28, 1939	3.76	3.09	3.26	3.87	4.83	4.45	3.50	3.33

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Cotton Ginnings Drop Behind Previous Years

The Census Bureau report issued Oct. 25, compiled from the individual returns of the ginners, show 6,855,808 running bales of cotton (counting round as half bales and excluding linters) ginned from the crop of 1941 prior to Oct. 18, compared with 7,027,189 bales from the crop of 1940 at that date last year and 8,874,291 bales two years ago. Below is the report in full:

REPORT ON COTTON GINNING

RUNNING BALES (Counting round as half bales and excluding linters)

STATE	1941	1940	1939
United States	*6,855,803	7,027,189	8,874,291
Alabama	668,858	449,650	612,316
Arizona	54,743	48,735	45,650
Arkansas	1,027,218	691,812	1,032,973
California	66,122	212,452	126,123
Florida	13,491	16,479	8,888
Georgia	531,994	728,511	763,402
Illinois	3,983	1,036	2.523
Kentucky	12,344	3,584	7,822
Louisiana	277,800	343,610	677,082
Mississippi	1,198,945	667,063	1,286,661
Missouri	357,076	150,916	280,551
New Mexico	17,798	30,208	36,815
North Carolina	396,754	399,799	323,289
Oklahoma	231,564	308,538	400,381
South Carolina	325,145	675,045	733,818
Tennessee	449,682	147,957	256,201
Texas	1,210,974	2,144,454	2,270,239
Virgina	11,316	7,280	3,557

*Includes 1,960 bales of the crop of 1941 ginned prior to Aug. 1 which was counted in the supply for the season of 1940-41, compared with 32,187 and 137,254 bales of the crops of 1940 and 1939.

The statistics in this report include 528 round bales for 1941; 2,693 for 1940 and 130,386 for 1939. Included in the above are 10,946 bales of American-Egyptian for 1941; 9,598 for 1940;; and 8,144 for 1939; also 1,864 bales Sea-Island for 1941; 2,339 for 1940 and 1,350 for 1939.

The statistics for 1941 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Oct. 1 is 4,714,738 bales.

Consumption, Stocks, Imports, and Exports — United States

Cotton consumed during the month of September, 1941, amounted to 875,682 bales. Cotton on hand and in consuming establishments on Sept. 30, was 1,636,521 bales, and in public storages and at compresses 11,523,702 bales. The number of active consuming cotton spindles for the month was 22,963,944. The total imports for the month of September, 1941, were 25,413 bales and the exports of domestic cotton, excluding linters, were 189,215 bales.

World Statistics

The world's production of commercial cotton, exclusive of linters, grown in 1939 as compiled from various sources was 27,875,000 bales, counting American in running bales and foreign in bales of 478 pounds lint, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1939, was 27,748,000 bales. The total number of spinning cotton spindles, both active and idle, is about 145,000,000.

Output Of Crude Oil And Petroleum Products Sets New High During Month Of August, 1941

Crude-oil production broke all records in August it is reported by the Bureau of Mines, U. S. Department of the Interior. The daily average in August was 3,914,700 barrels, or about 100,000 above the average in July.

In general, crude-oil production gained everywhere except in Oklahoma. That State reported a substantial gain in July but in August the daily average fell back to 429,300 barrels, compared with 425,300 barrels in August 1940. The largest increase (about 50,000 barrels in daily average) in August was in Texas but the gain in Illinois was relatively larger. The increase in Kansas, though small, established a new record.

Although production increased substantially, the gain in crude runs to stills in August was even larger. This, in conjunction with reduced imports and heavier exports, resulted in a larger withdrawal (5,372,000 barrels) from crude inventories in August than in July, or in any month since August 1939.

Refined Products

Daily average crude runs to stills again set a new record, the daily average of 4,018,000 barrels for August marking the first time that the 4,000,00-barrel mark has been exceeded. The yields of both gasoline and distillate were off in August, with residual and unfinished oils showing compensatory gains.

The domestic demand for motor fuel in August was 62,944,000 barrels, slightly below July 1941, but around 13% above a normal for August 1940. Exports of motor fuel, partly estimated, increased sharply, largely because of lease-lend activities, and amounted to 2,700,000 barrels, including about 800,000 barrels of aviation grades. The output of motor fuel again reached a new peak with the result that the decline in gasoline stocks was less than anticipated. Total stocks of finished and unfinished gasoline on Aug. 31 were 80,377,000 barrels, or about 3,300,000 barrels less than on hand a year ago. For the East Coast this same comparison showed 20,537,000 barrels this year against 21,886,000 barrels last year.

The cumulative domestic demand for fuel oil, both light and heavy, is running around 13% above 1940. The domestic demand for kerosene was about the same for both periods, but the 1941 gain for lubricating oils has been close to 33%.

According to the Bureau of Labor Statistics, the price index for petroleum products in August 1941 was 61.4, compared with 60.9 in July and 49.2 in August 1940.

The crude-oil capacity represented by the data in this report was 4,481,000 barrels, hence the operating ratio was 90%, compared with 89% in July and 81% in August 1940.

SUPPLY AND DEMAND OF ALL OILS

(Thousands of barrels)

	August 1941	July 1941a	August 1940	January - August 1941	January - August 1940
NEW SUPPLY:					
Domestic production:					
Crude petroleum	121,354	118,251	110,523	906,943	911,668
Daily average	3,915	3,815	3,565	3,732	3,736
Natural gasoline	5,639	5,252	4,680	40,512	35,705
Benzol	277	271	271	2,297	2,028
Total production	127,270	123,774	115,474	949,752	949,401
Daily average	4,105	3,993	3,725	3,908	3,891
Imports:					
Crude petroleum	4,327	5,331	4,223	31,672	26,346
Refined products	b3,627	1,933	3,606	25,253	26,703
Total new supply, all oils	135,224	131,038	123,303	1,006,677	1,002,450
Daily average	4,362	4,227	3,978	4,143	4,108
Decrease in stocks, all oils	3,390	3,841	c2,173	18,628	c50,760
DEMAND:					
Total demand	138,614	134,879	121,130	1,025,305	951,690
Daily average	4,471	4,351	3,907	4,219	3.900
Exports:					
Crude petroleum	3,275	3,651	4,170	22,719	36,192
Refined products	b8,284	4,703	6,760	43,370	56,695
Domestic demand:					
Motor fuel	62,944	63,093	55,346	434,963	387,833
Kerosene	4,449	4,270	4,114	43,764	43,419
Distillate fuel oil	9,667	10,586	8,362	113,243	100,472
Residual fuel oil	30,169	28,887	26,267	244,957	219,314
Lubricating oil	2,562	3,074	2,024	20,679	15,701
Wax	193	171	150	1,233	783
Coke	514	633	587	4,898	4,536
Asphalt	4,620	4,482	3,699	22,278	17,587
Road oil	1,694	1,822	1,553	6,089	5,569
Still gas	6,991	6,976	6,430	50,788	48,553
Miscellaneous	280	307	242	2,283	1,357
Losses	2,972	2,224	1,426	14,041	13,579
Total domestic demand	127,055	126,525	110,200	959,216	858.808
Daily average	4,099	4,081	3,555	3,947	3,520
STOCKS:					
Crude petroleum:					
Refinable in U. S.	249,620	255,378	264,252	249,620	264,252
Heavy in California	10,942	10,556	12,798	10,942	12,798
Natural gasoline	6,111	6,317	7,702	6,111	7,702
Refined products	277,346	275,158	290,778	277,346	290,778
Total, all oils	544,019	547,409	575,530	544,019	575,530
Days' supply	122	126	147	129	148

a Revised. b Partially estimated. c Increase.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS

(Thousands of barrels)

	August 1941 Total	August 1941 Daily av.	July 1941 Daily av.	August 1940	January - August 1941	January - August 1940
Arkansas	2,315	74.7	72.7	2,222	17,415	17,128
California:						
Kettleman Hills	1,190	38.4	38.1	1,450	9,392	11,616
Long Beach	1,213	39.1	38.7	1,338	9,976	10,809
Wilmington	2,642	85.2	82.1	2,601	20,082	20,301
Rest of State	14,867	479.6	480.0	13,858	112,116	106,374
Total California	19,912	642.3	638.9	19,257	151,566	149,600
Colorado	184	5.9	5.2	123	1,125	895
Illinois	12,086	389.8	350.1	12,075	83,894	104,625
Indiana	558	18.0	18.3	450	4,501	2,561
Kansas	7,560	243.9	241.4	5,772	52,656	42,921
Kentucky	386	12.5	13.5	445	3,224	3,449
Louisiana:						
Gulf Coast	7,735	249.5	241.3	6,542	57,951	52,922
Rodessa	427	13.8	14.0	554	3,606	4,797
Rest of State	1,676	54.1	59.9	1,422	13,377	11,511
Total Louisiana	9,838	317.4	315.2	8,518	74,934	69,230
Michigan	1,307	42.2	39.8	1,563	9,505	14,248
Mississippi	1,598	51.5	45.9	578	7,263	2,195
Montana	646	20.8	20.9	583	4,869	4,493
New Mexico	3,342	107.8	106.8	3,239	25,779	26,611
New York	438	14.2	14.7	396	3,393	3,432
Ohio	270	8.7	9.1	287	2,169	2,074
Oklahoma:						
Oklahoma City	2,752	88.8	91.4	3,254	22,730	25,787
Seminole	3,279	105.8	106.5	3,372	25,244	28,228
Rest of State	7,278	234.7	236.2	6,558	54,667	51,265
Total Oklahoma	13,309	429.3	434.1	13,184	102,641	105,280
Pennsylvania	1,376	44.4	45.8	1,387	10,912	11,864
Texas:						
Gulf Coast	11,665	376.3	358.7	8,629	86,891	83,026
West Texas	8,020	258.7	250.0	6,375	58,636	56,970
East Texas	11,002	354.9	337.9	11,595	87,219	96,303
Panhandle	2,334	75.3	74.9	1,910	17,682	17,306
Rodessa	380	12.3	12.9	435	3,376	4,696
Rest of State	9,782	315.5	309.3	8,716	74,255	73,648
Total Texas	43,183	1,393.0	1,343.7	37,660	328,059	331,949
West Virginia	283	9.1	9.6	291	2,261	2,301
Wyoming:						
Lance Creek	696	22.5	21.9	799	6,141	5,967
Salt Creek	397	12.8	14.5	435	3,406	3,492
Rest of State	1,472	47.5	47.1	1,247	10,193	7,278
Total Wyoming	2,565	82.8	83.5	2,481	19,740	16,737
Other	a198	6.4	5.3	12	1,037	75
	121,354	3,914.7	3,814.5	110,523	906,943	911,668

a Includes Missouri (4), Nebraska (193), Tennessee (1), and Utah (—).

Foreign Front

(Continued from page 843)

through Iran, especially if British forces move into the Caucasus. This route also offers tremendous difficulties, since the railway from the head of the Persian Gulf to the Caspian is inadequate for vast movements. It is well understood, however, that the line is being augmented and improved, and that motor routes are being fashioned. The effectiveness of such plans may well depend upon the speed with which they can be completed.

Russian Campaign

Prodigious efforts again were reported this week by invaders and defenders alike, in the vast battlefront from Leningrad to the Black Sea, where the contest for domination of almost all of Continental Europe seems to be nearing its final phase. Heavy rains made quagmires of the roads and impeded the operations of both the Germans and the Russians. Bitter cold prevailed at times in some sectors, leading some military observers to the conclusion that General Winter is already coming to the aid of the Russians.

But the course of battle still was toward the Nazi invaders, who retained the initiative virtually everywhere. The German High Command briefly mentioned the bad weather on one or two occasions, but the Russians admitted that they, too, are finding their problems enhanced by the rain, snow and biting cold. A few military experts point out that winter may turn out to be less disadvantageous to the Germans than many had supposed, since frozen ground will make possible a resumption of mechanized warfare, in which the Nazis unquestionably excel.

Pending further developments in these tactical matters, the fact appeared evident this week that some of the German drives toward Moscow were halted. Weather and the Russians probably combined to achieve this effect.

Russians and Germans were agreed this week that the battlefront west, south and north of Moscow is fluid. Directly west of the great Russian city, the Germans were held around Mozhaisk and Maloyaroslavets, some 65 miles away. Fresh German reserves were thrown into the fray, according to Russian spokesmen, and it was indicated that some Siberian divisions hastened to the front in order to help the defenders. But prongs of the German drive from the north and south were pushed steadily closer to Moscow, with some advance German units said to be only 25 to 30 miles away.

In the highly important Donets Basin the German forces advanced steadily and methodically, endangering almost all of the Russian industrial production there. Capture of Kharkov, leading city of the region, was claimed by the Nazis last Friday. The advance continued and Rostov on the Don admittedly is in a critical position. Far to the north, the great center of Leningrad was pounded by German artillery, and an attack would not be surprising. The second city of Russia has been beleaguered for weeks and possibly is being "softened" for a final Nazi drive across frozen ground. The course of the war between Finland and Russia is almost unreported, but it would appear that wintry weather is keeping operations to a minimum.

Although the Nazis claimed several weeks ago that Russian resistance has been effectively broken, the defenders continue to keep the Reich forces at bay, in some areas. Apart from the exaggerated claims issued by both sides, little is known of the actual losses suffered. Casualties necessarily must be enormous, and the race to destruction is hastened by bad weather. Which side will crack first in this bitter conflict remains uncertain. Even territorial gains or losses may prove in the end to be of relatively modest importance, as against this problem.

Two indications are available which may turn out to be highly significant. On the central front the Russian Marshall Semyon Timoshenko was replaced last Friday by General Gregory K. Zhukoff, Chief of the Russian General Staff. Marshal Semyon Budenny and Marshal Klementi Voroshiloff, former commanders on the southern and northern fronts, were reported by authorities in the temporary Russian capital of Kuibyshev to be training new armies. These reports tend to bear out German assertions that the Russian command has failed, notwithstanding the stout resistance of the Communist soldiers.

Britain and Germany

Whenever the weather permitted, heavy aerial attacks were made by British fliers upon Germany and the Nazi-held countries of the Continent, this week. Such attacks were overshadowed, however, by a tumultuous clamor in England for the establishment of a Western front in Europe, while the Germans are engaged in Russia. Official British spokesmen admitted frankly that such an attempt might be suicidal, at present, but the demand was unabated, and evidently reflects dissatisfaction over the apparent course of the war.

The firm decision of the British Government indicates that the conflict in Western Europe is likely to continue along present lines for some time to come, although direct military assistance to Russia well may develop elsewhere. As British aerial strength grows, bombings of German industries doubtless will be redoubled and multiplied. It is also within the realm of possibilities, however, that German forces will be released from the East and sent

(Continued on page 845)

Production And Utilization Of Electric Energy In The United States For Aug. And Sept. 1941

The production of electric energy for public use during the month of September 1941 totaled 14,150,603,000 kilowatt-hours according to reports filed with the Federal Power Commission. This represents an increase of 20.4% when compared with September 1940.

The average daily production of electric energy for public use for the second consecutive month reached an all-time high of 509,014,000 kilowatt-hours during September. This is an increase of 1.7% when compared with the average daily production during the month of August 1941 and is the second time that the average daily production has reached the half billion kilowatt-hour mark.

The effect of drought conditions on production by hydroelectric plants, particularly in the New England and South Atlantic regions, is evident in the table below. Due to abundant rainfall in the West North Central region, the hydroelectric production in that area for the current month was 111.0% more than the September 1940 production.

HYDROELECTRIC PRODUCTION FOR SEPTEMBER, 1941, COMPARED WITH SEPTEMBER, 1940

Region	% change Sept., 1941 over Sept., 1940	Region	% change Sept., 1941 over Sept., 1941
New England	—29.6	East South Central	—5.7
Middle Atlantic	—14.5	West South Central	+56.6
East North Central	+26.5	Mountain	+20.1
West North Central	+111.0	Pacific	+15.8
South Atlantic	—50.1	United States Total	+3.5

For New England and the South Atlantic regions the hydroelectric production for September 1941 was lower than August 1941 by 4.5% and 15.0% respectively, while hydroelectric production in the East South Central region for September 1941 dropped 11.6% below August 1941.

The production by water power in September amounted to 3,979,704,000 kilowatt-hours, or 28.1% of the total output for public use.

Total production for the twelve-month period ending Sept. 30, 1941, was 158,893,000,000 kilowatt-hours as compared with a production of 138,762,000,000 kilowatt-hours for the twelve-month period ending Sept. 30, 1940, representing an increase of 14.5% over the previous period.

The movement of electric energy across State lines totaled 2,863,982,000 kilowatt-hours or 20.2% of the amount generated for public use.

The net imports from Canada totaled 73,841,000 kilowatt-hours and the net exports to Mexico were 2,615,000 kilowatt-hours, leaving a net balance of 71,226,000 kilowatt-hours imported to the United States.

Reports were received during September 1941 indicating that the capacity of generating plants in service in the United States on September 1941 totaled 42,957,036 kilowatts. This is a net increase of 267,785 kilowatts over that previously reported in service on August 31, 1941. Occasionally changes are made in plants which are not reported promptly so that the figures shown for any one month do not necessarily mean that all the changes were made during that month but that they were reported to the Commission since the previous monthly report was issued.

PRODUCTION OF ELECTRIC ENERGY FOR PUBLIC USE IN THE UNITED STATES
(In Thousands of Kilowatt-hours)

Division—	By Water Power 1941 August	By Water Power 1941 September	By Fuels 1941 August	By Fuels 1941 September	Total 1941 August	Total 1941 September
New England	134,461	128,432	714,921	714,056	849,382	842,488
Middle Atlantic	475,151	463,716	2,832,265	2,863,542	3,307,416	3,327,258
East North Central	147,946	256,375	3,188,276	3,087,579	3,336,222	3,343,954
West North Central	121,197	242,727	729,675	595,926	850,872	838,653
South Atlantic	318,238	270,613	1,410,889	1,498,433	1,729,127	1,769,046
East South Central	542,406	479,458	343,269	358,442	885,675	837,900
West South Central	49,701	54,276	801,963	757,899	851,664	812,175
Mountain	679,048	727,615	147,216	140,182	826,264	867,797
Pacific	1,443,014	1,356,492	233,577	154,840	1,676,591	1,511,332
United States Total	3,911,162	3,979,704	10,402,051	10,170,899	14,313,213	14,150,603

AVERAGE DAILY PRODUCTION OF ELECTRIC ENERGY*
(In Thousands of Kilowatt-hours)

Month	Water Power 1941	Water Power 1940	Fuel 1941	Fuel 1940	Total 1941	Total 1940	Percent Change 1941/1940
January	158,661	110,145	304,274	306,979	462,935	417,124	11.1
February	150,455	118,468	313,581	288,000	464,036	406,468	14.2
March	153,435	136,898	304,422	258,050	457,857	394,948	15.9
April	171,042	161,089	279,802	230,841	450,844	391,930	15.0
May	147,914	159,031	319,814	237,785	467,728	396,816	17.9
June	145,123	152,060	338,158	257,913	483,281	409,973	17.9
July	151,609	143,845	334,190	267,905	485,799	411,750	18.0
August	136,754	136,206	363,708	284,575	500,462	420,781	18.9
September	143,154	140,121	365,860	288,713	509,014	428,834	18.7
October	------	125,155	------	315,003	------	440,158	----
November	------	147,145	------	311,274	------	458,419	----
December	------	154,210	------	309,627	------	463,837	----

*Computed by dividing the monthly production by the number of equivalent week days in the month in question.

Coal Stock and Consumption

Coal consumption by electric power plants was 5,848,140 tons in September 1941 which is a decrease of 84,896 tons from the August 1941 consumption. Of this total 5,595,645 tons were bituminous coal and 252,495 tons were anthracite. These are decreases of 0.8% in the consumption of bituminous coal and 12.8% in the consumption of anthracite when compared with the preceding month which had one additional day.

The consumption of fuel oil during September 1941 totaled 1,650,741 barrels as compared with 1,792,841 barrels during August or a decrease of 7.9%. During the same interval the consumption of gas decreased to 19,955,936 MCF in September from 21,394,713 MCF in August, representing a decrease of 6.7%.

The total stock of coal on hand at electric utility power plants on Oct. 1, 1941, was 12,954,117 tons. This was an increase of 5.6% as compared with Sept. 1, 1941, and an increase of 3.4% as compared with Oct. 1, 1940. Of the total stock, 11,636,875 tons were bituminous coal and 1,317,242 tons were anthracite, an increase of 6.2 and a decrease of 3.0% respectively when compared with Sept. 1, 1941.

In terms of days' supply, which is based on the rate of consumption for the month in question, there were sufficient stocks of bituminous coal on hand Oct. 1, 1941, to last 62 days and sufficient anthracite for 156 days' requirements. These may be compared with 62 and 146 days' supply respectively for the previous month.

Foreign Front

(Continued from page 844)

in heavier squadrons against England.

Sharp combats are reported almost daily between British and German aircraft, over the Channel, with a dozen or so of airplanes shot down by either side, according to the official statements. British bombing planes ranged far into Germany, late last week, and weather did not halt operations against nearby German-held points. The German flier, in turn, raided a number of British towns. Relatively little is being said, currently, of the damage thus done by the opposing aerial squadrons.

In the conflict on the high seas the Germans continued their merciless sinkings of merchant ships, and also scored a success against the British Navy. The destroyer Broadwater, one of the 50 American ships traded to England in exchange for naval bases, was sunk by a torpedo, last week. German spokesman claimed sizable destruction of British and allied shipping, but no reports are made available on this aspect of the war by the British Admiralty.

Gibraltar to Singapore

Along the vast stretch from the Pillars of Hercules to the great British base on the Straits of Malacca, war and preparations for war were noted this week. In the Mediterranean region the clashes between British and Axis forces were more frequent, especially in the Western Desert sector around besieged Tobruk. These operations were more in the nature of skirmishes, however, than of fixed battles, with enlarged conflicts likely before long. The British Admiralty announced a torpedo hit on an Italian cruiser, last Friday, and Italian authorities declared on the following day that a British cruiser in the Mediterranean had been hit by torpedoes launched from airplanes.

The precise situation in the Mediterranean is obscure, but it seems that both sides are augmenting their concentrations in northern Africa, for sizable military campaigns. Italy is said in London and Washington to be seething with disaffection. Count Galeazzo Ciano, who can be regarded as Premier Mussolini's personal envoy, conferred at some length, last Saturday, with Chancellor Hitler, at the Russian headquarters of the Germans. Although this lends some credence to claims of discontent in Italy, the fact also remains that Italian soldiers are in Russia, fighting alongside their Reich associates.

Fresh campaigns in the Middle East loomed ever more decisively, as the Germans marched through the Russian Donets Basin and approached the Caucasus. That the British are preparing to meet the Nazis on the shores of the Caspian was intimated in London, and this possible campaign necessarily would be connected with supply lines into Russia. The only surprise in all this is the long delay in starting the battles, for vast moves long have been in progress. German forces may contemplate a drive toward the Suez through Turkey. Two Turkish general officers conferred with Hitler, Tuesday, and received an "impressive picture" of operations in Russia.

Occupied Countries

Tension steadily is mounting in the occupied countries of Europe and unquestionably will continue to mount as wintry weather adds to the terrible hardships and privations endured by the unfortunate victims of invasion. The ravages of the Nazis, combined with the drastic effects of the British blockade, are causing wounds that will leave scars for the timeless future. Especially deplorable are the killings of "hostages" by the German forces in various countries.

President Roosevelt spoke out against such killings, last Saturday, soon after a similar condemnation of Nazi practices was made by Prime Minister Winston Churchill. Like Mr. Churchill, who assailed the "butcheries in France," President Roosevelt found the executions revolting. He declared that such terrorism cannot break the spirits of the invaded peoples and said that the German acts were those of "desperate men who know in their hearts that they cannot win."

The butcheries continued, however, and added immeasurably to the distress of the French and other peoples. Another German officer was shot and killed by persons unknown in Bordeaux, last week, and the Nazis promptly executed 54 hostages, while indicating that another 100 would be slain if the culprits were not apprehended. The Vichy regime intervened and made many appeals to the French to cease aggravating incidents. The Germans thereupon granted a temporary reprieve to those marked for execution. The Low Countries and Norway have been relatively quiet this week, but Serbian guerrillas continued their fight against the invading Nazis, and suffered terrible reprisals.

These are but outward manifestations of a seething discontent that rages throughout the occupied lands. Famine and disease already are reported in many areas captured by the Nazis, and ruthlessly stripped of all materials that might contribute to the war effort. The colder weather that now begins to prevail adds daily to the difficulties. Former President Hoover maintained, in a recent speech, that a healthy revolt is not likely to grow in such soil.

Some reports now indicate that the people of Iceland also object to occupation, even though British and American forces are concerned in this instance. Rising costs of living and other problems associated with the influx of British and American troops, a dispatch from Reykjavik states, caused disagreements which resulted in the resignation of Premier Hermann Jonasson, last week. Some Icelanders are said to question the eventual withdrawal of British forces, although no such doubts are reported with respect to American troops.

Electric Output For Week Ended Oct. 25, 1941 Shows Gain Of 15.1% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 25, 1941 was 3,299,120,000 kwh. The current week's output is 15.1% above the output of the corresponding week of 1940, when production totaled 2,866,827,000 kwh. The output for the week ended Oct. 18, 1941 was estimated to be 3,273,184,000 kwh., an increase of 15.3% over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	Week Ended Oct. 25, '41	Week Ended Oct. 18, '41	Week Ended Oct. 11, '41	Week Ended Oct. 4, '41
New England	17.5	14.0	20.7	19.9
Middle Atlantic	12.2	12.6	16.6	14.8
Central Industrial	17.4	17.8	19.6	20.7
West Central	16.5	17.5	15.7	16.8
Southern States	17.9	17.0	19.3	20.2
Rocky Mountain	11.9	18.4	20.3	19.1
Pacific Coast	x8.4	x9.3	x10.6	x10.4
Total United States	15.1	15.3	17.7	17.8

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,960
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	3,314,952	2,817,465	+17.7	2,583,366	2,251,089	2,324,750
Oct. 18	3,273,184	2,837,730	+15.3	2,576,331	2,281,328	2,327,212
Oct. 25	3,299,120	2,866,827	+15.1	2,622,267	2,283,831	2,297,785
Nov. 1	------	2,882,137	---	2,608,864	2,270,534	2,245,449

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change* 1941 *from* 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	---------	11,924,381	---	10,785,902	9,801,770	10,308,884
September	---------	11,484,529	---	10,653,197	9,486,866	9,908,314
October	---------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Exchange Seat Sold

Arrangements were completed on Oct. 27, for the transfer of a New York Stock Exchange membership at $25,000. The previous and the only other sale this month was on Oct. 2 at the same price.

Revenue Freight Car Loadings During Week Ended Oct. 18, 1941 Totaled 922,884 Cars

Loading of revenue freight for the week ended Oct. 18, totaled 922,884 cars, the Association of American Railroads announced on Oct. 23. The increase above the corresponding week in 1940 was 108,975 cars or 13.4% and above the same week in 1939 was 66,595 cars or 7.8%.

Loading of revenue freight for the week of Oct. 18 increased 19,007 cars or 2.1% above the preceding week.

Miscellaneous freight loading totaled 407,450 cars, an increase of 14,851 cars above the preceding week, and an increase of 54,959 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 159,285 cars, a decrease of 1,433 cars below the preceding week, but an increase of 496 cars above the corresponding week in 1940.

Coal loading amounted to 167,613 cars, a decrease of 4,081 cars below the preceding week, but an increase of 46,924 cars above the corresponding week in 1940.

Grain and grain products loading totaled 37,564 cars, an increase of 1,011 cars above the preceding week, and an increase of 822 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Oct. 18 totaled 23,884 cars, an increase of 28 cars above the preceding week, and an increase of 724 cars above the corresponding week in 1940.

Live stock loading amounted to 22,805 cars, an increase of 2,579 cars above the preceding week, and an increase of 446 cars above the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Oct. 18 totaled 19,168 cars, an increase of 2,595 cars above the preceding week, and an increase of 675 cars above the corresponding week in 1940.

Forest products loading totaled 46,317 cars, an increase of 1,485 cars above the preceding week, and an increase of 4,905 cars above the corresponding week in 1940.

Ore loading amounted to 68,808 cars, an increase of 4,712 cars above the preceding week but a decrease of 920 cars below the corresponding week in 1940.

Coke loading amounted to 13,042 cars, a decrease of 117 cars below the preceding week, but an increase of 1,343 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	2,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
Week of Oct. 4	917,516	806,004	830,102
Week of Oct. 11	903,877	811,906	839,952
Week of October 18	922,884	813,909	856,289
Total	34,007,761	29,021,859	26,812,287

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 18, 1941. During this period 104 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED OCT. 18

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	602	605	748	1,568	1,265
Bangor & Aroostook	1,492	854	1,319	270	232
Boston & Maine	8,368	7,766	8,665	13,585	11,101
Chicago, Indianapolis & Louisville	1,792	1,458	1,763	2,455	2,375
Central Indiana	24	13	38	77	51
Central Vermont	1,423	1,312	1,344	2,536	2,137
Delaware & Hudson	7,167	5,218	6,002	11,116	8,174
Delaware, Lackawanna & Western	9,173	8,944	11,143	9,138	7,667
Detroit & Mackinac	447	550	631	149	113
Detroit, Toledo & Ironton	2,469	2,645	2,741	1,223	1,184
Detroit & Toledo Shore Line	398	397	344	3,902	2,655
Erie	16,609	13,877	14,700	16,714	14,232
Grand Trunk Western	5,553	5,491	5,030	9,282	7,792
Lehigh & Hudson River	203	192	181	2,912	2,215
Lehigh & New England	2,226	1,987	2,038	2,011	1,230
Lehigh Valley	10,348	9,227	10,012	10,196	7,208
Maine Central	3,300	2,617	2,861	2,887	2,211
Monongahela	6,557	3,004	5,598	408	250
Montour	2,298	1,592	2,275	67	42
New York Central Lines	53,362	46,886	45,842	53,405	39,887
N. Y., N. H. & Hartford	12,701	11,265	10,759	15,935	14,018
New York, Ontario & Western	1,238	1,179	1,365	2,424	1,967
N. Y., Chicago & St. Louis	7,471	6,195	7,550	14,356	11,422
N. Y., Susquehanna & Western	517	404	434	1,598	1,683
Pittsburgh & Lake Erie	8,714	7,902	7,904	9,667	6,069
Pere Marquette	6,921	6,844	6,765	6,716	5,477
Pittsburgh & Shawmut	624	503	701	41	68
Pittsburgh, Shawmut & North	427	451	443	431	244
Pittsburgh & West Virginia	1,120	526	1,383	2,475	2,047
Rutland	570	607	728	1,085	933
Wabash	6,121	6,174	6,996	10,707	9,565
Wheeling & Lake Erie	5,386	4,879	5,118	4,636	3,554
Total	185,621	161,564	173,421	213,972	165,068
Allegheny District—					
Akron, Canton & Youngstown	866	555	562	1,067	963
Baltimore & Ohio	41,651	35,579	37,288	24,453	18,808
Bessemer & Lake Erie	5,821	6,425	5,721	2,668	2,332
Buffalo Creek & Gauley	275	269	347	2	6
Cambria & Indiana	1,930	1,695	1,730	18	11
Central R.R. of New Jersey	7,931	7,761	7,775	16,913	12,723
Cornwall	725	656	580	59	55
Cumberland & Pennsylvania	301	235	296	34	50
Ligonier Valley	124	146	145	57	48
Long Island	920	1,064	668	2,856	2,981
Penn-Reading Seashore Lines	1,917	1,522	1,420	1,881	1,701
Pennsylvania System	91,647	73,231	78,024	58,738	44,321
Reading Co.	17,749	15,667	15,159	24,591	18,638
Union (Pittsburgh)	19,808	19,571	18,146	6,350	6,392
Western Maryland	4,421	3,251	4,400	9,812	6,884
Total	196,086	165,627	172,261	149,499	115,813
Pocahontas District—					
Chesapeake & Ohio	29,648	22,265	28,920	15,080	11,813
Norfolk & Western	25,076	20,071	24,138	6,424	5,355
Virginian	4,639	4,080	4,216	2,128	1,404
Total	59,363	46,416	57,274	23,632	18,572

Items About Banks, Trust Companies

The Federal Reserve Bank of New York announces that its Foreign Property Control Department is now located on the fifth and sixth floors of 70 Pine Street, New York City.

The Ninth Federal Savings and Loan Association, New York City, announces the opening of its new quarters at 1457 Broadway, between 41st and 42nd Streets. The institution reports resources of over $13,000,000.

The New York Chapter of the American Institute of Banking on Oct. 15 inaugurated its series of 10 weekly broadcasts on banking subjects with a talk on the history of banking by Dr. William A. Irwin, National Educational Director of the American Institute of Banking, over Station WNYC. This series of broadcasts was arranged through the cooperation of the Board of Education of New York City, and will be heard by New York City high school students as part of their curriculum, as well as by the general public.

Mr. Clarance V. Joerndt of the National City Bank, President of New York Chapter, announces that the following outstanding leaders of banking and finance have accepted the Chapter's invitation to speak during the series, on varied phases of banking and finance:

George B. Roberts, Vice-President, The National City Bank; Philip A. Benson, President, The Dime Savings Bank of Brooklyn; Henry C. Von Elm, Vice-Chairman, Manufacturers Trust Co.; G. Russell Clark, Assistant Manager, New York Clearing House; Horace L. Sanford, Secretary, Federal Reserve Bank of New York; Charles H. Schoch, Deputy Superintendent of Banks State of New York; Murray Shields, Economist, Irving Trust Co.; Shepard Morgan, Vice-President, Chase National Bank; George Weiss, Economist and Partner, J. S. Bache & Co.

Following the meeting of the Board of Trustees of The New York Trust Company held on Oct. 21, John E. Bierwirth, President, announced the appointment of Charles C. Gifford and Thomas M. Keefe, as Assistant Treasurers of the company. The new officers will be associated with the company's Fortieth Street Office at Madison Avenue and 40th Street. The announcement also says:

Mr. Gifford has been with The New York Trust Company since 1929, following five years with the Farmers Loan and Trust Company. He attended the Hill School and graduated in 1917 from the Sheffield Scientific School of Yale University. Mr. Gifford joined the armed forces of the United States in May, 1917, and saw action as a lieutenant with the 101st Field Artillery (26th Division) overseas.

In March, 1918, he was transferred to the 88th Aero Squadron with which he served until he was wounded during the battle of the Argonne in September, 1918.

Mr. Keefe has been associated with the Fortieth Street Office of the company since 1935. He joined The New York Trust Company in 1929, following experience with the National City Bank of Cleveland, The Midland Bank of Cleveland, and George H. Burr & Co., commercial paper brokers of this city.

At the regular meeting of the Board of Directors of The National City Bank of New York held on Oct. 21, James MacNaughton Thompson was appointed an Assistant Cashier.

Harry E. Ward, President of the Irving Trust Co. of New York City, on Oct. 16 observed his 40th anniversary of association with the bank and its predecessor, the New York National Exchange Bank. After graduating from Yale University, Mr. Ward was employed by the New York National Exchange Bank as a clerk on Oct. 16, 1901 and served in this capacity in various departments of the bank for a number of years. He was promoted to Assistant Cashier in 1907, named Cashier in 1910, appointed Vice-President in 1914 and became President of the bank and a member of the Board of Directors on Jan. 1, 1919.

Harry L. Bailey has been nominated to become a Trustee of the Bank of New York. He is President and Director of Wellington, Sears Co. He is also Chairman of the Executive Committee of the West Point Manufacturing Co., West Point, Ga., and a Director of numerous corporations, including the Boston Manufacturers Mutual Fire Insurance Co., Liberty Mutual Insurance Co., Mutual Boiler Insurance Co., and the National Shawmut Bank of Boston.

Alexander P. Hirsch, President of Welbilt Appliance Corp., New York, has been elected a Director of the Trade Bank & Trust Co. of New York.

William M. Evarts of the law firm of Millbank, Tweed & Hope was recently elected a Trustee of the Greenwich Savings Bank, New York City.

E. Chester Gersten, President of The Public National Bank and Trust Co. of New York, announced the appointment of James J. Slattery, as an Assistant Vice-President. Mr. Slattery's former title was that of Assistant Cashier.

(Continued on page 847)

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Southern District—					
Alabama, Tennessee & Northern	377	260	337	230	163
Atl. & W. P.—W. R.R. of Ala.	936	831	880	2,265	1,634
Atlanta, Birmingham & Coast	873	691	613	1,148	901
Atlantic Coast Line	11,640	10,122	10,186	7,313	6,132
Central of Georgia	4,824	4,164	4,293	4,511	3,469
Charleston & Western Carolina	494	492	428	1,661	1,130
Clinchfield	1,822	1,327	1,504	2,838	2,016
Columbus & Greenville	393	388	479	378	395
Durham & Southern	212	184	226	374	409
Florida East Coast	475	587	573	1,063	1,021
Gainsville Midland	35	31	58	78	107
Georgia	1,460	1,314	1,047	2,463	1,807
Georgia & Florida	394	326	356	668	458
Gulf, Mobile & Ohio	4,409	3,671	3,871	3,646	3,132
Illinois Central System	28,591	25,116	27,967	15,296	13,835
Louisville & Nashville	27,764	22,180	26,022	9,073	6,612
Macon, Dublin & Savannah	212	140	175	767	587
Mississippi Central	181	160	168	382	352
Nashville, Chattanooga & St. L.	3,950	3,410	3,192	3,434	2,975
Norfolk Southern	1,373	1,293	1,568	1,385	1,438
Piedmont Northern	501	403	564	1,793	1,071
Richmond Fred. & Potomac	489	407	407	6,181	4,448
Seaboard Air Line	10,964	10,098	9,112	7,653	5,126
Southern System	26,340	23,757	24,458	21,277	17,320
Tennessee Central	559	561	407	710	617
Winston-Salem Southbound	173	160	164	921	880
Total	129,441	112,073	119,055	97,508	78,035
Northwestern District—					
Chicago & North Western	22,877	22,922	21,544	13,984	11,728
Chicago Great Western	3,139	2,969	2,988	3,810	3,418
Chicago, Milw., St. P. & Pac.	24,560	22,346	22,862	9,703	8,516
Chicago, St. P., Minn. & Omaha	4,305	4,074	4,508	4,593	4,233
Duluth, Missabe & Iron Range	21,531	21,323	16,125	331	287
Duluth, South Shore & Atlantic	1,201	1,078	977	523	542
Elgin, Joliet & Eastern	10,055	9,263	8,749	10,525	6,832
Ft. Dodge, Des Moines & South	565	642	532	165	168
Great Northern	26,896	26,038	26,390	4,448	3,544
Green Bay & Western	722	740	787	680	761
Lake Superior & Ishpeming	2,470	2,973	3,494	52	63
Minneapolis & St. Louis	2,319	2,442	2,450	2,586	2,637
Minn., St. Paul & S. S. M.	8,409	7,548	8,315	3,201	2,970
Northern Pacific	14,496	12,880	13,923	5,130	3,986
Spokane International	211	302	238	325	266
Spokane, Portland & Seattle	2,484	2,025	1,855	2,392	1,756
Total	146,240	139,565	135,737	62,448	51,698
Central Western District—					
Atch. Top. & Santa Fe System	25,022	23,332	23,977	9,574	7,745
Alton	3,199	3,241	3,747	2,821	2,462
Bingham & Garfield	751	470	420	94	67
Chicago, Burlington & Quincy	20,837	19,397	21,037	12,325	10,127
Chicago & Illinois Midland	2,907	2,151	2,317	819	829
Chicago, Rock Island & Pacific	13,775	13,603	13,876	11,525	9,978
Chicago & Eastern Illinois	3,166	2,573	3,419	2,991	2,748
Colorado & Southern	1,136	1,176	1,634	1,835	1,594
Denver & Rio Grande Western	4,748	5,189	5,797	5,340	4,799
Denver & Salt Lake	770	496	929	23	8
Fort Worth & Denver City	1,195	1,343	1,430	1,323	1,200
Illinois Terminal	2,064	1,831	2,183	2,062	1,554
Missouri-Illinois	1,125	1,103	1,175	458	418
Nevada Northern	1,894	1,620	1,229	127	117
North Western Pacific	1,298	969	901	448	457
Peoria & Pekin Union	22	7	27	0	0
Southern Pacific (Pacific)	33,350	28,024	27,994	8,282	5,885
Toledo, Peoria & Western	382	333	491	1,651	1,523
Union Pacific System	23,998	22,139	23,551	14,264	11,174
Utah	645	349	582	5	8
Western Pacific	2,195	1,942	1,839	3,815	3,603
Total	144,479	131,288	138,555	79,762	66,296
Southwestern District—					
Burlington-Rock Island	169	147	146	245	279
Gulf Coast Lines	3,342	2,944	3,030	1,942	1,681
International-Great Northern	1,908	2,008	1,834	2,151	2,162
Kansas, Oklahoma & Gulf	254	270	338	1,236	965
Kansas City Southern	2,818	2,155	2,280	2,855	2,116
Louisiana & Arkansas	2,495	2,149	2,135	2,230	1,646
Litchfield & Madison	336	360	465	1,195	1,013
Midland Valley	736	572	681	267	187
Missouri & Arkansas	200	239	285	420	324
Missouri-Kansas-Texas Lines	5,141	4,818	4,851	3,976	3,100
Missouri Pacific	18,261	16,997	17,687	12,961	11,135
Quanah Acme & Pacific	110	189	163	144	136
St. Louis-San Francisco	9,897	9,017	9,205	6,368	5,031
St. Louis Southwestern	3,265	3,428	3,227	3,215	2,645
Texas & New Orleans	7,993	7,412	7,981	4,097	3,490
Texas & Pacific	4,543	4,468	5,453	4,954	4,026
Wichita Falls & Southern	165	184	201	71	78
Weatherford M. W. & N. W.	21	19	24	51	20
Total	61,654	57,376	59,986	48,378	40.034

Note—Previous year's figures revised. * Previous figures.

Daily Average Crude Oil Production for Week Ended Oct. 25, 1941, Drops 11,750 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Oct. 25, 1941 was 4,098,800 barrels. This was a drop of 11,750 barrels from the output of the preceding week and the current week's figures were above the 4,012,900 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during October. Daily average production for the four weeks ended Oct. 25, 1941 is estimated at 4,035,250 barrels. The daily average output for the week ended Oct. 26, 1940, totaled 3,640,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 4,060,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 83,343,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,686,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	aB. of M. Calculated Requirements (October)	State Allowables	Actual Production: Week Ended Oct 25 1941	Change from Previous Week	4 Weeks Ended Oct. 25 1941	Week Ended Oct. 26 1940
Oklahoma	481,500	428,000	b425,300	+7,200	426,100	397,200
Kansas	253,000	253,000	b255,500	—4,300	246,650	189,500
Nebraska	5,300	------	b5,650	—50	6,000	2,600
Panhandle Texas			79,450	—950	78,950	80,360
North Texas			105,400	+650	103,650	112,150
West Central Texas			31,350	+350	30,900	31,200
West Texas			283,700	+850	269,450	240,000
East Central Texas			85,700	+250	83,600	76,950
East Texas			369,700	—200	351,900	375,000
Southwest Texas			220,400	+1,050	209,400	225,700
Coastal Texas			293,000	+1,000	281,750	243,050
Total Texas	1,420,100	c1,485,966	1,468,700	+3,000	1,409,600	1,384,400
North Louisiana			81,300	+1,150	80,450	67,000
Coastal Louisiana			263,400	—1,950	259,550	216,150
Total Louisiana	332,000	339,233	344,700	—800	340,000	283,150
Arkansas	78,200	73,415	71,950	+100	72,350	68,950
Mississippi	43,900		b66,450	+2,250	63,400	15,450
Illinois	399,200		419,700	—400	421,350	343,700
Indiana	20,100		b19,100	+450	19,300	13,100
Eastern (not incl. Ill. & Ind.)	98,100		92,700	—1,600	93,600	86,950
Michigan	44,100		58,650	—550	57,550	48,100
Wyoming	84,300		86,150	+650	87,700	74,200
Montana	20,300		20,050	------	20,200	18,200
Colorado	5,000		4,050	—200	4,750	3,350
New Mexico	114,600	114,600	116,450	+500	115,350	101,450
Total East of Calif.	3,399,700		3,455,700	+6,250	3,383,900	3,036,400
California	613,200	d613,200	643,100	—18,000	651,350	603,900
Total United States	4,012,900		4,098,800	—11,750	4,035,250	3,640,300

aThese are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of October. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

bOkla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Oct. 22.

cThis is the net basic 31-day allowable as of Oct. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. With a few exceptions the entire State, including Panhandle, was ordered shut down on Oct. 4, 5, 11, 12, 18, 19, 25, 26 and 31.

dRecommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED OCT. 25, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	Daily Refining Capacity: Potential Rate	P. C. Reporting	Crude Runs to Stills: Daily Aver.	P. C. Operated	Gasoline Produc'n at Refineries Incl. Natural Blended	Stocks Finished & Unfinished Gasoline	b Stocks of Gas Oil and Distillates	b Stocks of Residual Fuel Oil	c Stocks Aviation Gasoline
East Coast	673	100.0	669	99.4	1,689	19,547	20,771	10,907	E. Coast
Appalachian	166	83.8	126	90.6	440	3,149	663	400	649
Ind., Ill., Ky.	752	84.4	651	102.5	2,741	15,382	5,934	4,641	Interior
Okla., Kans., Mo.	413	80.7	319	95.8	1,299	7,309	2,179	2,195	1,357
Inland Texas	263	63.2	142	85.5	660	2,381	474	1,353	G. Coast
Texas Gulf	1,037	91.0	969	97.0	2,986	11,527	6,380	8,947	2,649
Louisiana Gulf	156	94.2	152	102.7	470	2,501	1,857	2,068	
No. La. & Arkansas	95	49.9	53	112.8	166	413	407	397	Calif.
Rocky Mountain	136	50.1	55	80.9	199	999	132	307	2,090
California	787	90.9	558	78.0	1,666	14,715	12,961	62,755	
Reported		86.4	3,694	94.2	12,316	77,923	51,758	93,970	6,745
Estimated Unreported			366		1,370	5,420	1,425	1,325	385
aEstd. Total U. S. Oct. 25, 1941	4,538		4,060		13,686	f83,343	53,183	95,295	7,130
aEstd. Total U. S. Oct. 18, 1941	4,538		4,120		13,903	82,584	52,403	95,800	7,236
U. S. B. of M. aOct. 25, 1940			d3,529		e11,680	79,800	48,990	107,123	6,171

aEstimated Bureau of Mines' basis. bAt refineries, bulk terminals, in transit and in pipe lines. cIncluded in finished and unfinished gasoline total. dOctober, 1940 daily average. eThis is a week's production based on U. S. Bureau of Mines October 1940, daily average. fFinished, 75,702,000 bbl.; unfinished 7,641,000 bbl.

Items About Banks, Trust Companies

(Continued from page 846)

James McNeil, retired Vice-President of the Bank of the Manhattan Co., New York City, died on Oct. 25 at his home in Rockville Centre, Long Island, N. Y. He was 80 years old. A native of Scotland, Mr. McNeil came to Canada when a young men and was connected with the Imperial Bank of Canada, Toronto. Coming to New York in 1897, he was employed by the Bank of the Manhattan Co. and advanced through the ranks before his retirement as a Vice-President in 1928. Mr. McNeil also formerly held executive posts with the Detroit & Mackinac Railway Co., the Virginia Iron, Coal and Coke Co., and the Suburban Land and Investment Co.

Clarence W. McNary, Manager of the Broadway Office of the East River Savings Bank of New York, died suddenly, on Oct. 20, at his home at Valley Stream, N. Y. Mr. McNary, associated with the East River Savings Bank since 1924, had been appointed Manager of a branch office in Jan. 10, 1941.

Harry L. Ford has been elected a member of the Board of Trustees of the Dollar Savings Bank, New York City, it was announced on Oct. 24 by Robert M. Catharine, President of the bank. Mr. Ford is Vice-President of Marsh & McLennan, insurance brokers.

John S. Roberts, formerly Vice-President and Comptroller of the Flatbush Savings Bank of Brooklyn, N. Y., has been elected President of the bank. The Board of Trustees also elected Crawford Young as Trustee and promoted him from Secretary to Vice-Presidency. President Roberts has been connected with banking since 1906. Coming to the Flatbush Savings Bank as Secretary in 1921, he was elected Trustee and promoted to Comptroller three years later, and became Vice-President in 1932. He has been active in Savings Banks Association work for many years. While his title in the bank is President, in military service he is Major Roberts in Command of the 1st Battalion, 51st Reg., N. Y. Guard, and is President of the Cavalry Club of Brooklyn. Crawford Young, newly elected Vice-President, has been connected with the bank since 1922. Along with the foregoing changes J. Kenneth Hodgetts, Quentin Frost and Herbert F. Softy were promoted to Comptroller, Secretary and Assistant Comptroller, respectively.

The Board of Trustees of the Prudential Savings Bank of Brooklyn, N. Y., announced on Oct. 22 the promotion of Dr. Anton Frederick Mannel from Treasurer to the office of Executive Vice-President.

The Kings County Savings Bank, Brooklyn, N. Y., announced on Oct. 23 that Richard R. Klinck and Donald G. C. Sinclair have been elected to the Board of Trustees. Mr. Klinck is Secretary of the Merchants Refrigerating Co., New York, and Mr. Sinclair is associated with the Stock Exchange firm of Blyth & Bonner.

At a recent meeting of the Trustees of The Dime Savings Bank of Brooklyn, Austin C. Cheshire was elected Secretary. Mr. Cheshire, who was formerly Comptroller, completed 25 years of service with the bank last week. George N. Mauger, assistant to Mr. Cheshire, succeeds him as Comptroller. Clinton L. Miller, Assistant Secretary and Manager since 1932 of the Bensonhurst Branch office, has assumed active duties at the Main office of the bank, Fulton Street and De Kalb Avenue. Eldred H. Daggett was appointed as acting Manager of the Bensonhurst Branch, with Howard Lee assistant acting Manager.

Robert L. Fernald, Secretary and a Trustee of the Dime Savings Bank of Brooklyn, died on Oct. 11 at his home in Brooklyn. Mr. Fernald had been associated with the Dime Savings Bank for 46 years. During this time he had served the bank as office boy, bookkeeper, Assistant Secretary, and Manager of the Bensonhurst branch. Mr. Fernald became Secretary in 1932 and a year later was elected a member of the Board of Trustees.

William H. Kniffin, Vice-President of the Bank of Rockville Centre Trust Co., Rockville Centre, Long Island, N. Y., was elected President of the institution on Oct. 14 to succeed the late George D. A. Combes. The Board of Directors also elected Darius Sylvester a Vice-President, and Earl J. Bennett Vice-President and Trust Officer to succeed Mr. Kniffin. Andrew Edwards, Secretary, was named a Director.

The Endicott Trust Co., Endicott, N. Y., has received approval from the State Banking Department to increase its capital stock and number of shares from $100,000, consisting of 1,000 shares of a par value of $100 each, to $200,000, consisting of 2,000 shares of a par value of $100 each, it is learned from the Department's "Weekly Bulletin" of Oct. 17.

Mercer V. White, Sr., prominent Syracuse (N. Y.) banker for many years, died on Oct. 14. He was 63 years old. A native of Syracuse, Mr. White retired from active business in November, 1937. Before retiring, he had been Executive Vice-President and a member of the Board of Directors of the First Trust and Deposit Co., with which he had been associated since 1903. He was President of the Bank of East Syracuse, of which he was one of the incorporators, and at his death was First Vice-President and a Trustee of the Syracuse Savings Bank.

Schuyler L. Baum has been elected President and Edgar H. Backus Vice-President of the First National Bank, Waterloo, N. Y. Mr. Baum, who was formerly Vice-President of the Lincoln National Bank & Trust Co., Syracuse, succeeds John E. Becker, who now becomes Chairman of the Board. Until early this year, Mr. Backus had also been connected with the Lincoln National Bank & Trust Co. in the capacity of Assistant Cashier.

At a meeting of the Board of Directors of the State Street Trust Co., Boston, held Oct. 20, Kingsland Dunwoody, Treasurer, General Manager and Director of the H & B American Machine Co. of North Attleboro, Mass., and Vice-President of the S. A. Woods Machine Co., Boston, was added to the Board. A graduate of the U. S. Naval Academy in 1917, Mr. Dunwoody commanded one of our destroyers in the first World War. After retiring from the Navy, he spent several years in industrial engineering.

John W. Kress, who was employed by The Howard Savings Institution of Newark, N. J., as a clerk 20 years ago, was appointed Vice-President and Trust Officer of the bank at the regular monthly meeting of the Board of Managers held Oct. 20, the appointment to be effective Dec. 1. He succeeds Frank E. Quinby, who will retire on Dec. 1 after 55 years of continuous service with the institution. John H. Duerk was appointed Assistant Secretary of the institution, effective Dec. 1. He has been employed by the bank for the past five years. William A. Verry was appointed Manager of the Springfield Avenue Branch of The Howard Savings Institution. He has been employed in various departments of the institution for the past 20 years. Regarding the activities of Mr. Kress, it is announced:

Mr. Kress was born in Newark and is 37 years old. He is a former President and at present a member of the Board of Governors of Essex County Chapter, an educational unit of the American Institute of Banking. He has been an active member of the New Jersey Savings Banks Association and the New Jersey Bankers Association, having served as Chairman and a member of many association committees. He was co-Chairman of the committee which revised the Investment Section of the Savings Bank Act in 1937 broadening the investment field for savings banks. At present he is Chairman of the Membership Committee of the New Jersey Bankers Association and a member of its Trust Committee. He has been an instructor in Public

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From Washington

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he went with the President on his Caribbean trip right after Mr. Roosevelt's reelection. The President agreed that something should be done and Ickes thought he would have the job of doing it. Instead, Wallace was asked to submit a plan. Lowell Mellett raised such a howl about this that it was turned over to him. He didn't do anything. Finally, LaGuardia anxious to get into the Washington picture, sold the President on letting him do it. Thus, he set up the OCD, Office of Civilian Defense. But LaGuardia, after getting his organization, has had to leave it to dangle on the bureaucratic vine while he campaigned for reelection.

Then along came "Bill" Donovan, whom Frank Knox got into the picture. All the New Dealers have been fighting Donovan. They look upon him as an interloper. Donovan in his aggressive way, really started doing things. In no time he had stepped on the toes of Nelson Rockefeller's Latin American activities and has been directed by the President to let Nelson's field alone. Now Archibald McLeish has been named head of the OFF, Office of Facts and Figures. What it is to do exactly, nobody knows.

The impression is that these men are being called into the service to help their country. The fact is that they are men who like the limelight and who sell an idea to the President. He gives them a high sounding alphabetical title and it is up to them to create their job and go ahead until they get into a row with somebody, which they all do.

They all get appropriations and build up large organizations, however. LaGuardia's OCD, for example, was given $900,000 right off the reel.

In the continual conflict, the thing to do is to get a Roosevelt on your staff so you will have a contact with the White House. Thus, Donovan thought he had pulled a ten strike when he took on Jimmie Roosevelt. LaGuardia immediately countered this by taking on Mrs. Roosevelt. He didn't even let her know in advance. The trouble is, insofar as liaison with the White House for the multiple agencies in Washington is concerned, is that there are not enough Roosevelts to go around.

One of the propaganda jobs Donovan's office is doing is to spread the poison against unfriendly leaders of other countries, Laval of France, for example. Laval's whole history and his business connections have been carefully dug up and are being spread over France. In the case of the deposed President of Panama, Arias, the story was circulated that he got a concession from the bawdy houses of Colon and Panama City. He had a sweetheart in Havana and American operatives knew it was his frequent wont to slip away to see her. On his last visit, it was arranged for him to be detained until the "revolution" could be carried out.

The OPM has an order, not yet issued, defining small business as one employing 500 employes or less.

The most significant name on the list of Republicans which Wendell Willkie recently announced as favoring his international views was that of Ralph Cates, Republican national committeeman from Oregon. He is Senator McNary's side-kick, got the Republican vice presidential nomination for him. McNary is an isolationist and he and Willkie never got along together.

LEGAL ODDITIES

THE CASHIER'S CHECK

"Boss says for me to stay here till I get the $2,000 that you owe us," the collector for the Ajax Steel Company announced. "You know me—I've been here before on the same errand."

"Would you take a check?" queried Jethro Brown. "It'll be a cashier's check payable to you, which is the same as the cash," he hastened to add, wrote a check for $2,000 on the Snow Bank, and handed it over to the bookkeeper.

"Go down to the bank and get a $2000 cashier's check payable to the order of the Steel Company," Brown ordered.

"And I'll wait here t'll he gets back," the collector declared.

"All right, there's an easy chair, and the morning paper," Brown told him. "If you want ice water, just ring for it."

An hour later the collector laid down the newspaper, and reached for his hat.

"That's a good bluff, but I might just as well be out looking at the ball game, along with your bookkeeper. I suppose the understanding between you and him is that whenever you send him out with your check to get a cashier's check to pay a bill, he is to have the rest of the day off," the collector averred. However, in less than twenty-four hours the facts "came to light", and it appeared that the bookkeeper had obtained a cashier's check payable to the Steel Company, forged the endorsement of the Steel Company thereon, cashed it at the River Bank—and disappeared with the proceeds.

"What's our next move: I'm all at sea now," the collector admitted.

"I'm going down to the Snow Bank, and make them pay us the $2,000," the collection manager declared, went to the cashier of the Snow Bank, explained the situation, and demanded the cash.

"Did your Company ever have the Brown check in your possession?" the cashier demanded.

"Never."

"Did you ever have the cashier's check in your possession?"

"Never."

"Did you know that we were issuing a cashier's check in your favor?"

"Never, unless the conversation that the collector heard in Brown's office would be equal to knowledge."

"Well, the bank'll fight a lawsuit before it'll pay."

"Then a lawsuit it is," the manager assured him. He was as good as his word, and the Supreme Court of Pennsylvania ruled in his favor.

"By the check in suit the bank contracts to pay the amount thereof to the Steel Company, or on its order, upon it being presented for that purpose; the consideration for so doing being the Bank's implied agreement with Brown, as its depositor, and the credit of the $2,000 against his account. That the Steel Company did not know of the issuance of, and had not received either the original or the cashier's check, are matters of no moment. The latter belonged either to the Steel Company or to Brown, who, so far as this record shows, makes no claim to them, even if he had a legal right so to do," said the Court.

Items About Banks, Trust Companies

(Continued from page 847)

Speaking in Essex County Chapter and at present is a member of the faculty of Seton Hall College instructing courses in Corporation Finance and Investments. He is a member of the Bond Club of New Jersey.

The election of Mr. Robert G. Cowan as a Manager of The Howard Savings Institution was also announced on Oct. 20. Mr. Cowan is the President of the National Newark and Essex Banking Co Prior to Mr. Cowan's association with the National Newark and Essex Banking Co. he was for 12 years with the Federal Reserve Bank of New York, during which time he was successively statistician in the research division, a bank examiner and chief of analysis division of the Bank Examinations Department. In 1938 he became Cashier of the National Newark and Essex Banking Co. Mr. Cowan is a Director of the National Newark and Essex Banking Co. and the Mutual Benefit Life Insurance Co.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on Oct. 16 the acceptance of the application of The St. Henry Bank, Saint Henry, Ohio, for admission to membership in the Federal Reserve System. The St. Henry Bank is the 14th Ohio State bank to be admitted to membership in the Fourth District during the current year. The bank operated as a private institution from 1905 to March, 1911, when it was incorporated with a paid-in capital of $2,500. It is stated that there have never been any assessments or contributions made by stockholders, nor has the bank ever taken any waivers from depositors.

The Republic National Bank of Dallas, Texas, announces the increase of its capital stock from $4,000,000 to $5,000,000 and the increase of its surplus from $4,000,000 to $5,000,000. This gives the bank a total capital and surplus of $10,000,000. Plans for the increase in the capital account of the bank were noted in these columns Oct. 9, page 506.

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